

Storm Over Asia, Take Two: I Told You So, and Now It Is Happening

by Lyndon H. LaRouche, Jr.

Lyndon LaRouche presented the following keynote address on Sept. 2, to the annual Labor Day weekend conference of the ICLC/Schiller Institute. It has been edited, and subheads have been added.

On the 12th of August—a Saturday, a Russian, major vessel, a submarine, the *Kursk*, was sunk in the Barents Sea. Some hours later, the location of the sunken submarine was located, and, in the following hours, the President of Russia, President Vladimir Putin, telephoned the President of the United States, Bill Clinton. They met, by phone; there were discussions with their respective military groups, advisers on both sides. The two Presidents discussed. And, thermonuclear World War III was avoided.

That's the fact of the matter, the essential fact.

Now, this situation, which still continues—it continued, an escalating threat of thermonuclear and other war, now spreading about the planet—is a condition which I addressed a little more than 11 months ago, in a film, which was produced in this country in October of last year—and, just to see the beginning of it, up to this point.

The opening segment of "Storm Over Asia" is shown, including war scenes from Chechnya; India-Pakistan; the North Caucasus. Then LaRouche enters:

"What you're seeing is a war in the North Caucasus region of southern Russia. What you're also seeing, is a war which has broken out simultaneously in the border between Pakistan and India."

A second video-clip of India-Pakistan border fighting

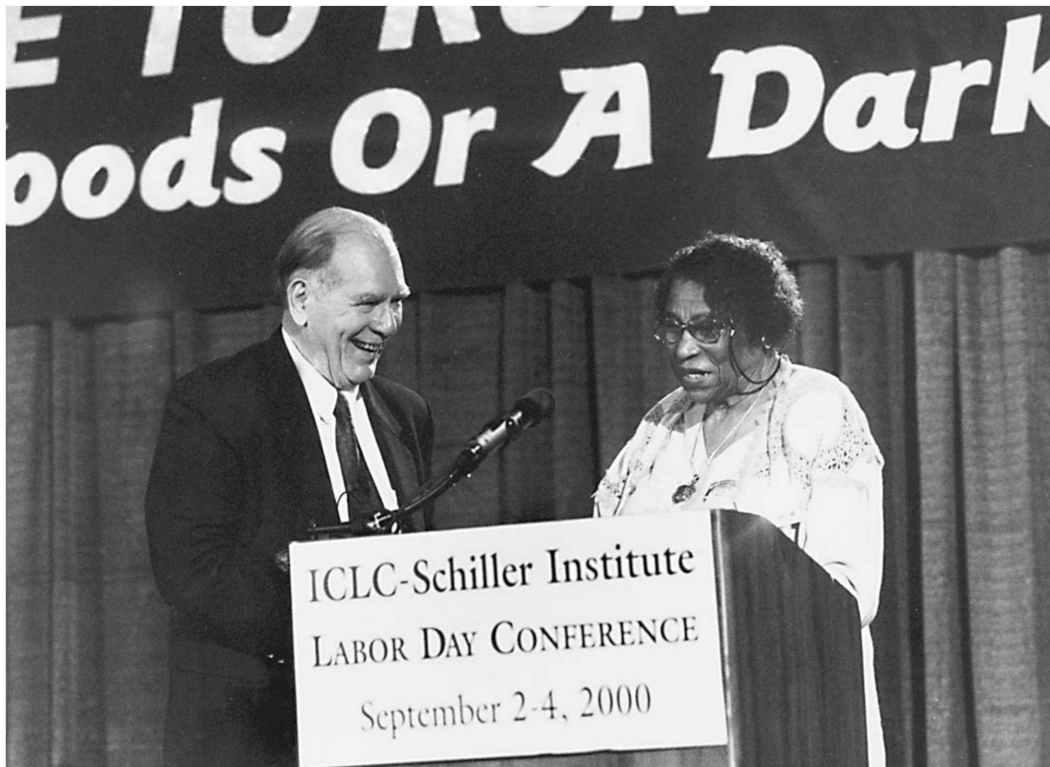
"The forces behind these attacks on Russia and on India are the same. They are a mercenary force which was first set into motion by policies adopted at a Trilateral Commission meeting in Kyoto in 1975: policies originally of Brzezinski and his number-two man there, Samuel P. Huntington; the policies which were continued by then-Trilateral Commission member, that is, back in 1975: George Bush, before he became Vice President.

"These were policies which were continued by George Bush as Vice President. Under Bush, this became known as the Iran-Contra drug-finance-linked operations of mercenaries deployed with private funding all over the world: recruited from Islamic and other countries, and targetting Russia's flank."

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That's it—just the beginning. But, in that film, I did not, of course, indicate the sinking of the *Kursk*, though I did indicate the crisis associated with the sinking of the *Kursk*, which, if Bush had been President, or George W. Bush had been President, would probably have led immediately to World War III. So, obviously, you don't want George Bush for President at this time, under those conditions.

What I forecast was a condition which already existed: a condition, which, in the later part of the film, I indicated would continue, has continued, would worsen, had worsened, and we are still headed toward some kind of catastrophe, which



Lyndon LaRouche with civil rights heroine and Schiller Institute Vice President Amelia Boynton Robinson, at the conference on Sept. 2.

could be thermonuclear World War III, or something equally bad. And there are things which are equally bad.

The point is, that what has happened now, was the inevitable consequence of policies to which I referred then, policies which have a deep root in U.S. foreign policy from the 1970s. These were the policies of the Carter Administration. These were the Bush policies of the Reagan Administration, as far as Bush was running part of the show then. These were the policies of the Bush Administration.

These have been the policies of the United States government, under the Clinton and Gore Administration—continued. Clinton may have objected to this. Clinton may have acted, recently, to prevent this from becoming an aggravated crisis, in conjunction with President Vladimir Putin. But, *Clinton has done nothing to lessen the danger of this global warfare.*

If Gore were to become President, or Bush, war or similar kinds of global catastrophe would be inevitable.

That's the problem we face. Because the policy-structure, which is in place in the United States and generally in the world today, *ensures* a drive of civilization toward a collapse, worse on a global scale than the New Dark Age which struck Europe during the middle of the 14th Century.

How the British Start Wars

Now, contrary to some people, you don't bet on wars. You don't go to your bookie, and say, "I want to make a bet on whether war breaks out or not."

War is not an event. A condition like the sinking of the *Kursk*, is not an isolated event. This was not an *incident*. There was not a "Kursk incident," that provoked a crisis. *There was a crisis in which the sinking of the Kursk occurred.* A strategic crisis. There was a response to the crisis. There was a response by two Presidents—that of Russia and the United States—to the accentuation of the crisis associated with the sinking of the *Kursk*. But, do not speak of a "Kursk incident." History doesn't work that way.

World War I, for example. World War I began in 1863-1865: It began after the Battle of Gettysburg, in which it became apparent to people in Europe, including England, that the Confederacy was going to be defeated by the continued determination on the part of the President of the United States, to crush and destroy the Confederacy. At that point, the British monarchy—which was then, and is now, still, the mortal enemy of the United States (for reasons I shall explain): The British monarchy had a Queen, Queen Victoria. Queen Victoria had a son, who was later known as King Edward VII. Not long after the end of the Civil War, the husband of the Queen died. Queen Victoria, who was not particularly a mental giant, or an emotional or moral giant, went into a state of crisis. She went up to Scotland, had an affair with a man up there, and spent a good deal of the time amusing herself on drugs. The records of the local pharmacy, next to the castle up there, indicated there were some very strange goings-on at the castle, when the Queen was in attendance.

Increasingly, when the Queen was in this depraved condi-



LaRouche's October 1999 "Storm over Asia" video, from which this map is taken, forecast the spread of conflagration throughout the continent, which we are seeing today.

tion (that's why she was called Queen Victoria: She conquered depravity and made herself the Empress of it); but, her son, the Prince of Wales, actually acted as the monarch of the British Empire.

And, the British Empire wished to destroy the United States. But, first realizing that they could not conquer the United States by means of war, or by civil war, they resorted to other means. And the first means, was to isolate and attempt to destroy the United States, and its influence globally. Because the success of the United States, not only in defeating the British puppet, the Confederacy—and these were nothing but British puppets. And, by launching a great industrial revolution worldwide, which began in the United States in 1861, and reached a high point in 1876, the United States was recognized worldwide as a leading world power, as the most powerful of individual nation-states on this planet economically, the most advanced technologically, in terms of production of any nation on this planet. And nations began to imitate the United States.

From about 1875-1876, Germany, which already had close relations with the United States, began to adopt, under Bismarck, some of the policies of the United States. And Germany began its great industrial revolution in 1877, modelled upon the United States. In the same period of time, a Russian, Mendelejev—the great Dmitri Mendelejev, the great scientist—also brought back to Russia, in association with his Tsar, Alexander II, the attempt to implement the economic policies of the United States in Russia.

Similar developments occurred in France—related, different. Japan, in the same period, adopted the United States

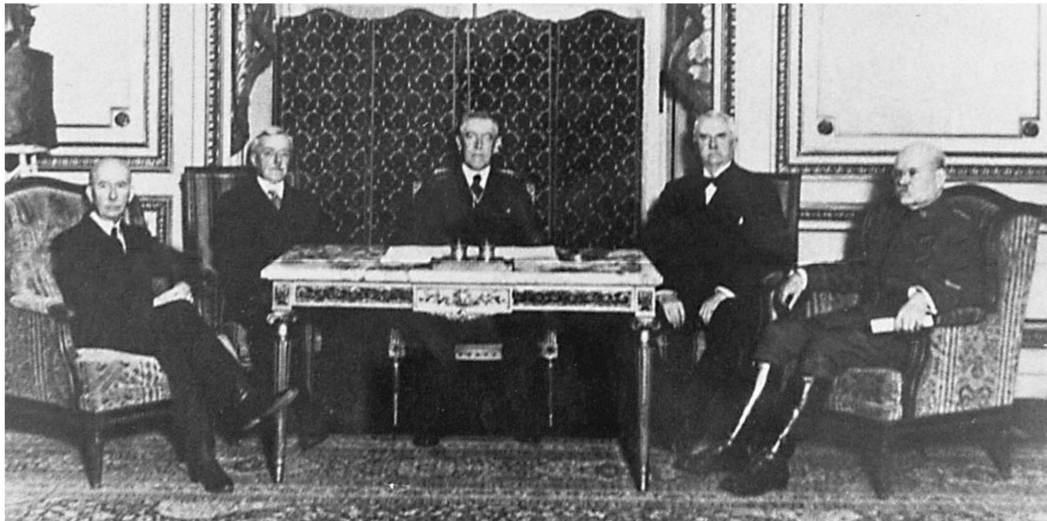
as a model for the development of the economy of Japan. A friend of Carey's, the economist who had advised Lincoln, and who had helped to create Lincoln as a political figure—Henry C. Carey—sent his representative, E. Peshine Smith, to Japan, to educate the Japanese imperial circles, on how to create an economy. The development of the economy of Japan, from that time to the present time, as an agro-industrial power, is entirely the result of the influence of the United States and the Lincoln legacy upon the economic development of Japan.

Other countries joined, as well.

There was, as a result of this, a revival, and a direct influence, of the North American model, the Lincoln model, throughout South and Central America. It was during the latter part of the 19th Century, that most all of the progressive forces, economically progressive forces and politically progressive forces, in Mexico, south to Argentina, adopted the United States model, the so-called Hamilton-Carey-List model, as the policy for national economic development of their country.

And that generally continued, until 1901: Until the assassination of McKinley by the friends of Teddy Roosevelt—then Vice President (sort of the George Bush of that period), who changed U.S. policies.

Now, President Teddy Roosevelt was an asset of the King of England. Because, by that time, Victoria had finally gotten around and found her way to dying, and thus, finally, her son, the Prince of Wales, had become the monarch. So, Teddy Roosevelt was a puppet of the British monarch, Prince Edward VII. Prince Edward VII was out to destroy the power



Ku Klux Klan supporter President Woodrow Wilson (center) at Versailles, Dec. 18, 1918. If the British had not had the Americans on their side in World War I, Britain would have lost the war.

and influence of the United States, globally, by turning the nations of Eurasia, which had been attuned to the United States and its policy, against each other.

This became known as World War I.

Japan, for example, which had been a friend of the United States, in the 1890s, was taken over by the British monarchy. And, under British instructions and British direction, Japan launched the first Sino-Japanese War in 1894-1895. Under British direction, as an anti-American move, the Japanese, later, launched a second war against the interests of China—a second Sino-Japanese War. In the meantime, the Japan war against Russia, which was organized also from London, directly with a British agent on the scene to help the process along, was used as a stunt to get Russia into the hands of those who were against the United States, who were willing to join the British and French in a war against Germany. And, Japan, of course, took the side of the British in World War I.

And that's how we got World War I.

This was made possible, because the President of the United States in 1901, Teddy Roosevelt, the man who rose to position, accession, by assassination, was a tool of the British. And, because Roosevelt's designated successor, Ku Klux Klan enthusiast Woodrow Wilson, the man who launched the second birth of the Ku Klux Klan, from the White House, officially and openly—a great Democrat of the type we know—was on the side of the British. And, if the British had not had the Americans on their side for World War I, Britain would have lost World War I.

So, at that time, we had the emergence of Woodrow Wilson, the Teddy Roosevelt-Woodrow Wilson tradition, which took over control of the United States, effectively, until Franklin Roosevelt. Once they got rid of Franklin Roosevelt, by death, then the British were able to triumph, and get the United States back again, as a puppet of London, which the United States has been, essentially, to the present time.

America's Challenge to the British Oligarchy

The importance of this, in terms of the strategic situation is: The issue, then and now, in the time of the American Revolution, remains the same. The British Empire, the British monarchy, was created by a rentier-financier interest which consolidated its power over the English monarchy with the accession of George I, as the first King of the United Kingdom of Great Britain. From that time on, the establishment of an independent republic in North America, became the central interest and cause of all of the patriotic, republican-minded people in Europe. As a result of this, European forces—in France, especially France, in Germany, Italy, England, and so forth—united to help make the United States' independence a success. The United States *became* an independent republic, *only because of European direction and support for this cause*. The intent of the Europeans, up until the French Revolution, and even at the beginning of the French Revolution, was that France would become the second nation-state, modelled as a state upon the policies of the United States, as expressed by the Declaration of Independence and Federal Constitution.

The Jacobin Terror of 1789—that is, from the 14th of July, 1789, until the beheading of Robespierre and Saint-Just five years later—demoralized Europe, and isolated the United States, which no longer had friends in Europe, or significant nation-state friends. And, thus, the United States was isolated.

The United States recovered from this isolation, with the victory of the United States, under the leadership of Abraham Lincoln, over a British puppet, the Confederacy, an institution which, like the French Jacobin Terror, had been orchestrated from London.

Specifically, in the case of the Jacobin Terror: The Jacobin Terror was organized in France, under the direction of the first head of the British Foreign Office's Secret Intelligence Service, the Secret Committee, by Jeremy Bentham. And, all

of the leaders of the five years of the French Terror, the Jacobin Terror in France, were all operating under *the personal direction of the head of the British Foreign Office intelligence service: Jeremy Bentham*. The purpose was to *destroy* the chief ally of the United States—France, at that time—to prevent it from coming back as what it had been before. And, so forth.

After the War of 1812, the chief effort from Britain, was to *destroy the United States*—from within. To this purpose, traitors in the United States, centered in Wall Street, and similar locations, organized what became known as the Confederate conspiracy. You had President Andy Jackson, who was a *traitor*. So was President Polk—a *traitor*. Both great Democratic—these are the founders of the Democratic Party. Martin Van Buren was the puppet-master in charge of the traitor, Andy Jackson. Polk was a British agent. President Pierce, another “good Democrat,” was a British agent. President Buchanan was a British agent. These are the people who, with Polk’s initiative, organized and prepared the military conspiracy, which became known as the Confederacy.

The United States’ war against the Confederacy, was a war to *defend*, not only the United States, not only the Constitution, not only to eliminate the slavery institution: It was a war, to defend upon this planet, the *right of a republic to exist, free of the domination of the British Empire and the British monarchy*.

That was the great world cause, the cause of all humanity, for which the greatest war ever fought by the United States, the Civil War, was fought. Led by Lincoln. The defeat of the Confederacy, was a defeat of the British Empire, a change in the strategic situation, and the bringing back to European civilization of the hope, of a form of society, free of control by the kind of oligarchy, which, *then and now*, has been represented, worldwide, chiefly by the British monarchy, and by the bankers, the financiers of the City of London, and by the British Empire.

The British Empire always was, and remains to this day, the chief enemy of all civilization, and of the United States, in particular.

So therefore, the power of the United States, achieved through the victory of Lincoln over the Confederacy, and over the British, became the chief thing which the British were determined to *eliminate*, going first at the admirers of the United States by organizing what became World War I. The United States became a patsy in that, a tool, an instrument, of the British Empire in World War I.

Why the British Hated Roosevelt

Roosevelt, Franklin Roosevelt, changed that. Franklin Roosevelt was a patriot, of a patriotic family tradition, who moved to restore the United States, step by step, toward what it had become. Roosevelt became the indispensable ally of the British for their survival, against Hitler (the Hitler the British put into power in the first place).

But, Roosevelt was the greatest *threat* to the British Empire, once the war had been won. Unfortunately, at that point, he was dead. And Truman was a stooge. Because, what was Roosevelt’s policy? Why did the British wish to be rid of Roosevelt? Why did the British spend the past period, since the death of Roosevelt, trying, among other things, to destroy the United States, the way we are half-destroyed today?

Why? What’s the issue? What underlies this whole history leading up to this so-called “*Kursk incident*” near-brush with thermonuclear war, which occurred on the period of Aug. 12, through 13 and 14?

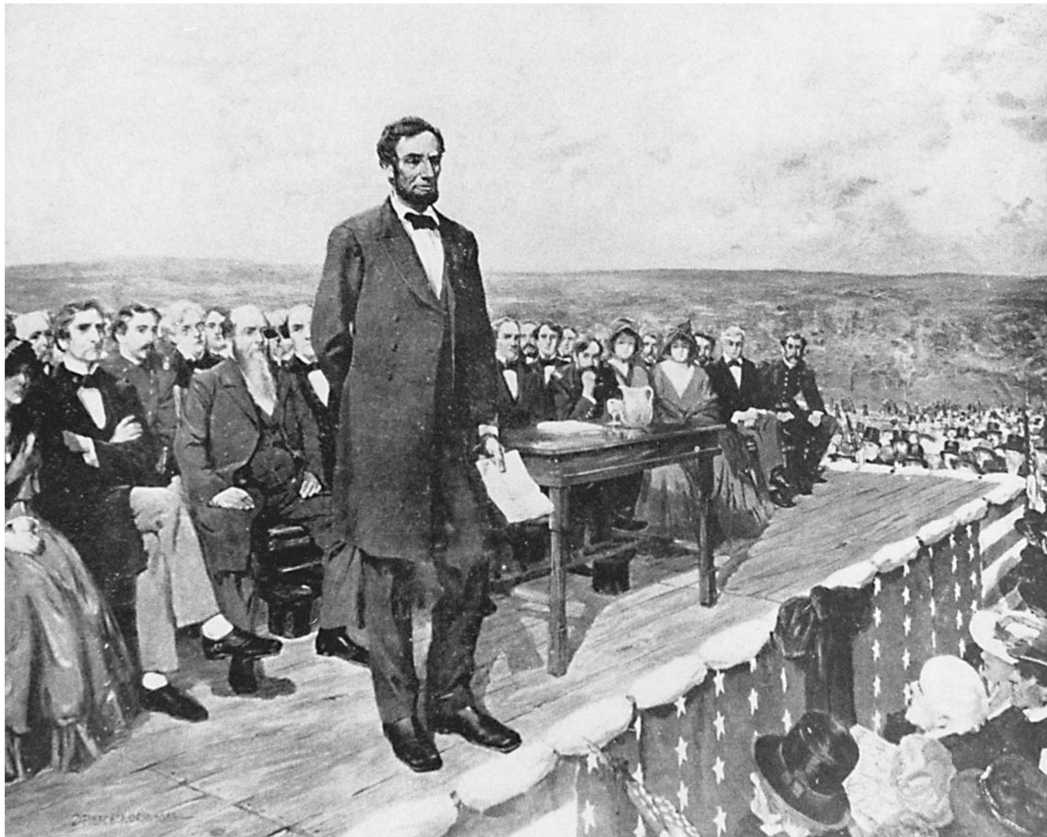
What’s the problem?

The point is, Roosevelt’s policy, was that, once the war had ended—World War II—once the Nazis had been defeated, that the policy of the United States was, that the power of the United States would be to *break up* all relics of the Portuguese, Dutch, British, and French empires. And, to cause to come forth in the place of the former victims of colonialism, of British imperialism—because all of these empires were run by the British, at that time: The Portuguese were stooges for the British; the Dutch were stooges for the British; the French were stooges for the British. Roosevelt was going to crush it all, and to use the power of the United States, at the end of the war, to bring this about. And where former colonies had existed, there were to be independent republics established. And, the United States, as Roosevelt laid this out to Churchill at Casablanca, for the case of Africa: The United States would use its technology and power, not only to bring about the freedom, of the victims of British imperialism, but also to give these countries—the newly freed countries—the means to stand on their own feet economically, with U.S. cooperation in infrastructure and technology.

In other words, what Roosevelt *intended*, was that the former victims, or the victims of British imperialism, would have the same benefits, which the United States brought to western continental Europe, to western Europe, with programs, such as the original IMF, the original Bretton Woods agreement, and with the Marshall Plan, later.

Therefore, that would have meant the *end* of the British Empire, would have meant the *end* of the power of the London fakirs, and of the Wall Street gang, as well, who are simply part of the allies of the British financier oligarchy. It would have meant the *end of the British monarchy*, and everything it stood for. And, a world *consistent with the intentions* of the Founders of the United States as a republic; a world consistent with the *intentions* for which Abraham Lincoln had led the nation in defeat of the Confederacy.

Thus, the first thing to understand, if you’re going to make sense of the modern world, of the past three centuries of history, and longer: You have to understand that the fundamental issue, since the Declaration of Independence in 1776, the fundamental, strategic issue on this planet, has been two policies: The policy of the British Empire against the policy embedded in the Declaration of Independence and in the Federal



President Abraham Lincoln at Gettysburg, 1863. "The success of Lincoln," says LaRouche, "in leading a war against the British puppets, called the Confederacy, again put America, the American model, this struggle for progress, in the foreground. A struggle, which was crushed, by the events following the assassination of McKinley."

Constitution, especially the Preamble.

That's the issue.

Any other interpretation of history, or major events, is nonsense. And that's what people are going to have to learn.

So, when you understand what's going on in Russia, the *Kursk* incident, and things of that sort, the danger of a thermonuclear war, which occurred this past month, to understand that you *have to go to the fundamental conflict between the British monarchy, and the fundamental interests of the Constitution and people of the United States*. Any other attempt to understand history, or to understand politics in this country, or to understand why the British and their stooges in the United States *hate* me so much, is that issue.

And, that's what I'll address here, today.

The Principle of Action, or What It Means To Be Human

The purpose for all of us, should be—and the Russian crisis is only part of it, a subsidiary part—the fundamental issue, remains, still: Can the United States redeem its own soul, and break from the British monarchy? And, can the United States lead the world to the kind of world which the Founders *intended* to foster, the kind of world which Lincoln intended to foster; the kind of anti-colonialist, anti-imperial policy, which Franklin Roosevelt *would have* carried out, had he not died prematurely, and been replaced by a small-minded

idiot, Harry Truman. Or, the Carter-type, shall we say?

From that standpoint, how shall we understand history? I've said many times before, and I'll deal with that today: The key thing, and the key thematic subject I'm addressing here, today, is *the principle of action*. The principle of action is defined very simply, in the following way: What is the difference between a human being and an animal? Why don't we eat people for lunch? (Or, I hope we don't. You never know, with what they're serving in the supermarkets these days.)

Because, man is *not* an animal. An animal is a form of life. But, there are many forms of life. There's yeast. There are bacteria. They're forms of life. But, what's the difference between *man* and *other forms* of life? That, only man is capable of willfully increasing his power, in and over the material universe. Other species have a potential for adapting, but their *potential* to adapt, is fixed. They, as a species, *can not change their power to adapt*. Only the human species, only the human individual, can change the power of the human species, or any species, to adapt to the universe.

This power lies solely in the ability of the human individual *mind*, to do what Kant said could not occur: That is, to recognize a fallacy, a contradiction in what we already believe; that is, a contradiction between what we *believe* to be true, and what the universe tells us is actually true, in terms of results. Mankind can resolve these contradictions, which are sometimes called "ontological contradictions," through



The process of discovering a universal principle: "We must share that discovery with others. Because, if we do not share that discovery, then they can not replicate it, and they can not cooperate with us in undertaking its implementation." Here, Schiller Institute instructor Laurence Hecht teaches a class on electromagnetism, July 2000.

the individual mind, by making a discovery of a universal principle, such as a principle of nature. And, then, prove that that discovery is valid, by means of an experiment, of a very special type, which demonstrates the efficiency, the validity, of that discovery of principle.

The third step must be, that we must *share* that discovery with others. Because, if we do not share that discovery, then they can not replicate it, and they can not cooperate with us *in undertaking its implementation*.

The only way in which you can come to know a discovery of a principle, is through an act called "cognition," which Kant said could not exist. As a matter of fact, in his mind, it could not exist. You read his long, tedious writings, you know: There was never a creative act performed there. Nor a procreative act, either. He was a bachelor, to the end of his life. A man followed by a man carrying an umbrella, a servant carrying an umbrella. That's about as far as he could go.

This principle of knowledge is not something you can learn. If you go to a school, where you say, "Learn to repeat the teacher's opinion," *you don't know anything*. You only know what you are able to discover, in the same manner, an original discoverer of a universal principle discovered it.

For example: What's a bad musician? A bad musician is one who's learned everything, but can perform nothing. He can repeat after me, indefinitely. He's learned all the school-books; he's learned all the routines. But, put a piece of music in front of him, he doesn't play the music: He plays the notes. Because he can't put the notes together, as music. He doesn't understand an *idea*, in the music. The song doesn't work; it's

sung. But it's sung, as if by a machine. By some machine made, say, by the Valley out there in California: Silicon Valley. But, not a thinking, sentient human being. There's no idea there.

So, to communicate a discovery, to share it: You must cause somebody else to *re-experience the same act of discovery* as an original discoverer. If you want to study astronomy, you must first replicate the acts of discovery made by Johannes Kepler. You can't *learn* them. Newton *learned* something from plagiarizing a book by Kepler. Newton never discovered gravitation. It was discovered by Kepler. And, the first elaboration of the discovery is in Kepler's *New Astronomy*, which was translated into English, for the first time (and into Latin, as well), but published in England, in the middle of the 17th Century. Associates of Newton copied from Kepler's *New Astronomy*, and came up with what became known as the "Three Laws of Gravitation."

But, there aren't three laws of gravitation. That was a mistake, made by a stupid student, trying to copy from a book he didn't understand. And, then, when people tried to apply Newton's laws to the universe: They don't work. Because, they *learned to copy what was in Kepler, but they didn't know what they had copied*. Therefore, they didn't know how to use it.

It's like giving an idiot a machine, which is a very well-designed machine; giving him an operating manual, for how to operate the machine, and he always makes a mess of everything. Because, he has no *insight*, no knowledge of what the principles are, by which this machine functions.

So, in order to have mankind increase its power in, and over the universe, the individual must be able to *share the experiencing of a discovery; understand the paradox, the contradiction, which the discovery solves; relive the experiment*, of the type, which proves that this is true; and then go out, and *share* everything, with somebody else.

So, therefore, you can not *see* another person think cognitively. You can not bore a hole in their head, and look inside, and see them thinking; and steal the secrets in their thinking. It doesn't work! You must re-experience, in your own mind, what only a human mind can generate: an act of discovery. *You must relive it!*

So, therefore, only a human society, in which the basis for common action, by human beings, is the improvement in man's ability to survive, in man's power in and over the universe, through the cognitive act of replicating and generating original, valid discoveries of principle; in such a way, that society is able to *share* these discoveries, and thus *act* in accordance with the knowledge thus gained and shared.

Only a human being can do that.

Now, we, as human beings can live in only one way. We are mortal. Most of us know that we were born—or, at least, they heard a rumor to that effect. And, we all know we're going to die eventually: The machinery wears down. What happens to us?

And, what about all those pleasures that we have, the sensory pleasures, that you have in between birth and death? I mean, some people do, eventually, take the nipple out of their mouth, and go on to other things. But, what happens to this whole plenum of pleasure-seeking, pleasure and pain, which some people think is important? "Well, that pains me. I don't do it. That pleases me, therefore, I do it constantly, until it bores me; and then, I do something else."

Where does the essence of human life lie? Where does the self-interest of the human individual lie? If all that's in between birth and death were pleasure and pain? When it quits, what is there, then?

Only if you can do something *human*—not *bestial*—human, in between birth and death. And, if you can *transmit* the benefit of what you transmit to *others*, in the same way, *then*, no matter how many generations of humanity in the future, you are a permanent, efficient part of that future. You live in the future. As long as society continues to take the benefit of what you transmit. You, in turn, live on the basis of what you have received, from thousands of generations before you. Ideas of principle, notions; the very existence of a literate form of language, is a product of a long process, of development of language. The ability to have a language in which you can communicate ideas of a certain sophistication, requires a long process of creative contributions, by many generations of people; thousands of generations. And, when you live and breathe, and *live* these things, *live* these experiences, *you are reliving, in yourself, a part of the continued, immortal existence of that person—each of those persons—from whom this*

has been transmitted to you.

And, when you go on, you say, "What's important to me? Who am I?" Well, what is important about you? What's important about you, is what you contribute in the way of generating, accumulating, and transmitting these means, these principles, by means of which mankind is able to cooperate; and to cooperate in ways which increase the human species *power to exist*. The power in, and over nature. That's you.

Therefore, what is your fundamental self-interest? Your fundamental self-interest, is to make sure, that what comes *after* you, gives meaning to your having lived.

It is for that reason, that people who are over 55 years of age, are willing to die for their nation. Not that they wish to die. They wish to survive. They wish to conquer. But, they put their lives in jeopardy—and people did it in many ways, not just in battle. They put their lives in jeopardy, because *living as that kind of person, who would be an instrument for bequeathing something of immense value to coming generations, was the most important thing in their mortal existence.*

Therefore, they put their lives on the line, for the *sake* of their lives, and their personal identity, in humanity at large.

It's Time To Grow Up

Now, the fact of the matter is—the difficulty with this sort of thing, which is, I think, more or less obvious, from what I've said to most of you: The difficulty is an emotional one. Most human beings today, especially in the United States, are, range in moral quality, from childish to infantile. See, if you're an adult, as opposed to an adolescent, emotionally—remember, that adolescents are naturally crazy people. They're born that way. There are a few exceptions, but they're naturally born that way. If you have a person, who's reached the age of 25, and they're behaving like an adolescent, you send them to a psychiatrist, obviously, right? They're crazy.

But, the first thing you say is, "How old are you?" If they say, "I'm 13"; "Okay, that's all right. You're normal. You're insane: That's what we expect of you."

And then, you have childishness, which precedes adolescence, and then infantilism, which lasts longer or shorter, depending from case to case. Mozart got through this fairly quickly; some people take a lot of time; some haven't made it yet. Like Al Gore. I think he started from infantilism and worked his way backward from there.

The problem is, that, when people are infantile, or childish, their obsessions tend to run—especially if they were raised in a bad family, or if they're neglected, like wolf-children—to obsession with *immediate, sensual gratification*. And, as an approximation of that, they run to a short-term thinking: "Well, what will be good for me next week." Or, if they may think ahead one year: "What I'm gonna get next year. What kind of a career I'm gonna have." Eh? "I gotta get a new wife. I mean, the ol' wife had two years, that's already time for a trade-in," or something like that.



“Most human beings today, especially in the United States, range in moral quality, from childish to infantile.” Left: Al Gore and his wife, Tipper, at a Halloween Party. Right: Oliver North, partner in crime of Vice President George Bush in the Iran-Contra operation.

This is typical of the childish-to-infantile American. They do not locate themselves, as an identity, in their relationship to humanity as a whole, in a timeless sense. That is, in the sense of time without borders, in the future of humanity. Typical of the Baby Boomers under 55. And I know, because it was my generation that made the Baby Boomers immoral, as a collection. They were raised by cowardly parents, who told their children, and taught their children to seek advantage; do what’s wise for you; do what’s good: Stay out of trouble; don’t get involved with this; there’s no truth, there’s only opinion. All this sort of nonsense.

So, the Baby Boomers, you know, as I said today, when we were talking earlier, is that—Clinton’s problem is, not that he doesn’t know what a principle is supposed to be, but he doesn’t believe in them. He’s like a plea-bargaining lawyer. He goes into a session, for a principled discussion, and he plea-bargains everything away, before he even starts the fight; which is what he’s done, again, and again, and again.

It’s a *generational* problem. Of *his* generation. Don’t blame him for anything wrong he did. Oh, he has responsibility for it, but don’t blame him. It’s not his nature, it’s the way he was raised. It’s his generation—the Baby Boomer generation.

So, *we* created, in the Baby Boomer generation—those who now occupy the top positions of power, in governments and other positions around the world—*we created in them, a*

monster, which the President of the United States represents. He’s typical of his generation, of his generation of that stratum.

Then, *his* generation, in turn, created a worse set of generations, which you saw exhibiting its talents at Columbine High School. You have a new generation on the way, which is pre-adolescent, which is preparing to kill its grandparents, if not eat them, which are the addicts of Pokémon, in the younger generation.

So, we have, not a process of successive generations, but really, I look down at this skein of history, and I say, “successive *degenerations*.” We become worse and worse, because we become more and more *remote from a moral sense of what it means to be a mature, adult human being*, aware that he or she is mortal, whose notion of self-interest is located in what we can do, with our lives, to acknowledge and perpetuate the good given to us by previous generations, and to pass it on, hopefully with some improvements, to generations yet to come.

And, that’s where the joy and maturity of life come, from that kind of commitment. We have produced a generation, a post-war generation, including many of my generation, who went that way, under the circumstances of the post-Roosevelt period, who degenerated. And, it was their degeneration which infected, I think, about 95% of the people I knew of my generation. Became immoral. And they raised their chil-

dren that way. And, those who moved into suburbia to avoid blue-collar jobs, really did a better job of turning them into degenerates, than those who worked in the factories.

And, then, they raised their children in the same way.

So, we have become, historically, more and more remote from a moral sense, from a sense of truthfulness.

So, what is action? What is relevant action? What kind of actions can we take, which the universe acknowledges to be a command?

The Universe Obeys Lawful Commands

Well, typical of those kinds of acts that we make—which we can prove, the universe will *obey*, otherwise the universe won't obey them—are actions which conform to the discovery of a universal physical principle. If you can discover a validated, universal physical principle, and you can give that, as an order to the universe, the universe will obey. Man is the only creature that can do that! That can formulate an order, called a universal physical principle, validate that discovery, and issue that discovery as *an order, a command*, to the universe, and the universe is compelled to obey.

That is the means, the accumulation of these principles, which are part of our technological culture, is the means by which mankind has been able to increase the life-expectancy, to improve the demographic characteristics of populations, and, in general, to increase man's power, *measurable power, in and over the universe, per capita and per square kilometer*. That's the great, scientific experiment.

We are able to *do* this, not only through physical experiments, through physical discovery: We're able to do this, by discovering higher levels of methods of social cooperation, through which, we're able to cooperate in fostering these kinds of discoveries, and applying them.

So, those things. Those are the kinds of actions, which the universe acknowledges to be *man's willful actions of significance*. Everything else that man does, is on the level that any lower form of animal life can accomplish.

So, therefore, the kinds of action which distinguish a human being from lower forms of animal life, is that, and only that.

Now, look at this question of strategy, which I've introduced here, from that standpoint: Strategy should mean, once we've understood these lessons—which, presumably, we had learned from study of European history, since the time of Solon and Plato. Say, what's important? What is strategy?

The purpose of strategy, is to defend the human species; to improve its condition, to improve its well-being; to improve its power in and over the universe at large. That's the purpose of strategy.

In order to do that, we must promote scientific discovery, and utilize it. We must promote those discoveries of principle, such as artistic principles, which enable us to cooperate, in more advanced ways, to utilize these physical discoveries, for man's benefit. What we, therefore, require, is forms of

society, in which we perpetuate the rearing of our children, and our institutions, in such a way, that this mission of mankind, implicit in our nature, is fulfilled.

Thus, we fight to defend this idea of progress. We fight to defend and improve forms of society, which promote progress. We fight to undermine, and nullify, those forms of culture, and political and social systems, which are the enemies of progress. The significance of the United States, is that it was produced as a product of a certain phase in European civilization, coinciding with the 15th-Century Renaissance, centered in Italy. It struggled to create a form of society, in which the only legitimate authority awarded to government, was the responsibility and power, to promote the general welfare *of each and all persons*. That is, to promote progress, in that sense.

In this process, during that century, the policy was adopted, of having self-governing, modern, sovereign nation-states, whose authority to rule, was located in the commitment to progress so defined. *Against that*, we had an opponent. The opponent was forces of bestiality: Those, who see a few people, as the power to *use as human cattle, the majority of other people, other nations, and subject populations, generally*. This is called, oligarchy.

So, the forces of progress, and the nation-state, are pitted against the forces of oligarchy. In the same way, that the idea of free trade, of globalization, today: *These are the enemy*.

Because, without the nation-state, without protection of the form which only the nation-state can provide for an economy, to *ensure* progress, can we have progress. Those who propose to *liquidate* the nation-state, that is, to globalize it (or globularize it); those who propose free trade, rather than fair prices to protect the process of production of food, and other things upon which life depends: *These are the enemies* of civilization.

Since its establishment in 1714, the British Empire has emerged as the chief proponent of a system of oligarchism on this planet. The United States was created, in order to provide a fulcrum of opposition to those forces of globalization—that is, Roman Empire-style—represented by the British monarchy.

And, it is that fight, which defines it.

Now, our method, of fighting the British Empire and what it typifies as oligarchy, is the force of *progress*. We fight, how? By demanding education for all of our children, and conditions of life for all of our children, which enable the child to make the progress from infantilism to childhood and adolescence, into a moral adulthood, and productive adulthood.

The first level of progress.

We fight for those conditions of shared culture, on which we can share the knowledge represented by universal physical principles, and of principles, like artistic principles of cooperation, through which we're able to work together for good. We fight to defend these kinds of institutions of progress,



The destroyer USS Shaw explodes during the Japanese attack on Pearl Harbor, Dec. 7, 1941. The attack was no surprise to the U.S. military, since they knew that the British had been nurturing a plan for such an attack since the 1920s, when Britain allied itself with Japan against the United States.

against their adversaries. We try to win the adversaries over, since they're human, to our cause, and say, "Come, join the human race. You don't have to be British all your life. You can be human. We'll give you a green card, to enter humanity." We don't have to kill them; we're not like beasts. But we will, and must defend our essential institutions: the institutions of progress.

Thus, what I've described, therefore, becomes a principle of universal action for people. And, the constant issue, which we have to face up to today, is to understand that the essential conflict on this planet is between British monarchy, and the United States. What the United States represented, as progress, at its making: What it represented under Lincoln's leadership. What it tried to represent, again, under the leadership of Franklin Roosevelt.

That's the issue, and no other issue is of anything but secondary, or auxiliary importance.

It's in that circumstance, that we have to understand the implications of, not only the sinking of the *Kursk*, but also, the larger issue, which I addressed in the film on the "Storm Over Asia."

An Example: The Bombing of Pearl Harbor

Just to give an example of this, in one particular case: Let's take the case of the bombing of Pearl Harbor. Now, the bombing of Pearl Harbor has a long history. It goes back to the

wars against Britain, from the beginning, from the founding of the United States, in 1776. And, even before—some developments under the Colonies.

Over the course of time, the patriotic military and other professionals of the United States, recognized that the British were the essential enemy of the United States. And, during the course of time, until the middle of the 1930s, the United States developed various kinds of war plans, chiefly pivoted on the understanding that the British monarchy was the natural, and continuing, chief enemy of the United States. And, that if we had to fight a war to defend ourselves as a nation, we had to prepare for a war against Britain, and the forces deployed by Britain, for our interest.

Thus, in the beginning of the century—this past century, the 20th Century—the United States developed a number of specific war plans, based on this experience, in general, and based on specific conditions, which had been called into being by the assassination of McKinley, by a group of people, who were friendly to Teddy Roosevelt, in New York City.

Among these, were two war plans: War Plan Red and War Plan Orange. Red and Orange signified Britain and Japan. And this occurred—of course, these war plans were in this form, as a result of the British alliance against the United States with Japan, which came to a head, over the period from 1894 through 1905. So, from that experience of Japan as a *puppet* of the British monarchy, the United States understood

that Japan had been converted into a British puppet against the United States.

In the early period, the period of the Harding Administration, there was a continuing process, in which the British, together with the Japanese, tried to reduce the American naval power, to the point that the United States Navy would be defeated in any war against Britain and its naval allies. This was the famous naval disarmament agreement.

In that period, the War Plans Red and Orange underwent a special refinement, to which Gen. Billy Mitchell referred at his court martial. What had happened was, in the meantime, the United States understood, at the beginning of the 1920s: The British plan, was to have the British Navy and the Japanese Navy develop, to prepare to attack, among other places, *Pearl Harbor*. Early 1920s. This is part of the British alliance with Japan, against the United States. They planned to fight only a naval war against the United States, to *destroy* the United States' maritime power, around the world. What they intended to do, was to have the British protect Canada, on the Atlantic side, and have the Japanese stage an attack on Pearl Harbor, to wipe out the U.S. military naval base at Pearl Harbor.

Now, the U.S. military top ranks were fully aware of this plan. One U.S. general officer, Billy Mitchell, thus concentrated on a new way of defeating warships of Japan, in the case of an attack, by the Japanese on Pearl Harbor. He, therefore, developed the idea of using, what we call today, aircraft carriers, which would carry bombers; the bombers launched from an aircraft carrier, would then be used to attack the Japanese fleet, deployed against Pearl Harbor.

For this, Billy Mitchell came under heavy attack, within the U.S. military, at the time that the military was controlled by the Coolidge—pro-British Coolidge crowd. For this, on behalf of Britain. And, this led to public arguments. And, for making the public arguments, Billy Mitchell was court-martialled, and stripped of his rank, and humiliated. Because, he was out to defend the United States against the British.

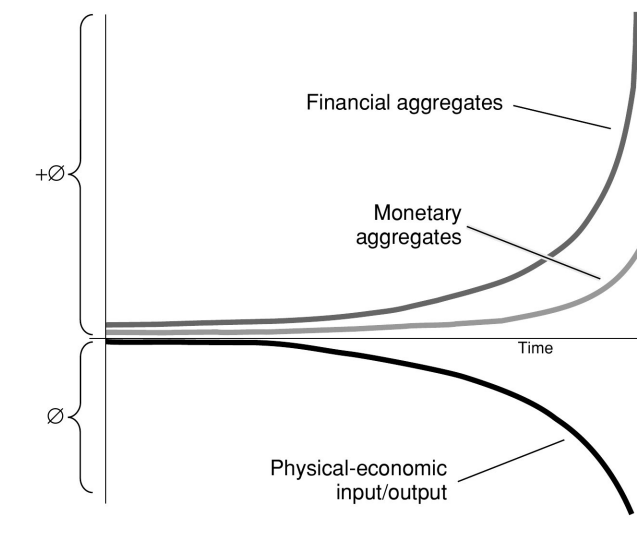
So, therefore, ask yourself something: How much of a surprise was it to the U.S. military, when Japan attacked Pearl Harbor on Dec. 7, 1941? It was no surprise. The only surprise was, that the Japanese put more aircraft on their aircraft carriers, than in the original plan, and therefore, that was an element of surprise: *The amount* of air power deployed against the Hawaiian Islands by the Japanese fleet, was the element of surprise. Nothing else was a surprise.

The United States and the British had deliberately *provoked* Japan, to make an attack, in order to get the United States into war. Because the American people were not prepared to fight a war, at that time; therefore, the Pearl Harbor attack, was *necessary* to *accept* and to *provoke*, in order to have the kind of incident, that would alarm the U.S. population, into *willingness* to go to a general war.

That's the way things happen. And, that's typical of the way the post-war period is run. People who think the British

FIGURE 1

A Typical Collapse Function



are our dearest and closest ally, simply are not patriots of the United States. Or, we might say, they're either sub-adolescents, or even infantile: Like Cap Weinberger, and so forth, and Sir Henry Kissinger, and so forth.

So, the key thing here, is the principle of action. Action, in politics and strategy, means the action by means of which, in general, mankind's power in and over the universe is maintained; which means actions which promote the existence of the sovereign form of the modern nation-state, the protectionist model; it means actions which promote the development of our population in ways to raise them to higher levels of culture, through education and so forth, and better conditions of life; it means cooperation among nations which agree with those principles, and which ought to be in partnership with each other; and it means opposing, even to the point of going to justified warfare—of defending those institutions of progress against the adversary, of which the chief one, continuing to this day, is the British monarchy.

This means also, in progress, the promotion of scientific discovery, and of Classical artistic culture, in our schools and in our practice elsewhere, as a way of developing our minds, the minds of our people, to cooperate and to be able to address these kinds of problems, and to promote progress.

A Hyperinflationary Explosion

Now, that said, let us get on with it—with that introduction, admittedly long, but you will see why it is relevant. Let's turn to this first figure I did for the first time in November of 1995: the collapse function, this first figure (**Figure 1**). I did this for the first time when Helga and I were invited guests at a Vatican conference. In the context of the conference, I was invited by the sponsors to submit a report to the Vatican on

FIGURE 2
Industrial Energy Consumption per Household

(Millions of BTUs)



Sources: U.S. Department of Energy, *Monthly Energy Review*; U.S. Department of Commerce, Bureau of the Census, *Population Surveys*, various years.

this general subject. And in order to try to explain to priests and others, what they are probably not technically qualified to deal with, I used this way of illustrating the basic, characteristic feature of the destruction of European civilization, including that of the United States; this three-curve figure, which many of you are familiar with.

What has happened, especially since 1971, with the actions by Nixon in 1971, in collapsing the previous Bretton Woods system, and setting up the floating-exchange-rate system, is the following process. This curve here represents—let’s say this is 1966-1971 approximately, the zero point—that since that time, especially since 1971, the characteristic has been that the per-capita real component of U.S. production and consumption has been in a phase of accelerating decline. During the same period, we’ve had a growth of the total financial aggregates. For example, today, that means that, compared with about \$41 trillion-equivalent, in terms of official reports, of world gross domestic product, of all nations combined—\$41 trillion—that in short-term alone, the total amount of financial aggregate today, in short-term obligations, is over \$400 trillion—in other words, at least 10 times the amount of the total annual product of the world as a whole. And that does not include all debt.

This is what’s happened. We, as a nation, and the world system at large, is, presently, hopelessly bankrupt. So don’t say, “When is the crash coming?” The crash is already here; we have already crashed. We have not yet hit the ground, but

FIGURE 3
Number of Paychecks To Purchase New Car

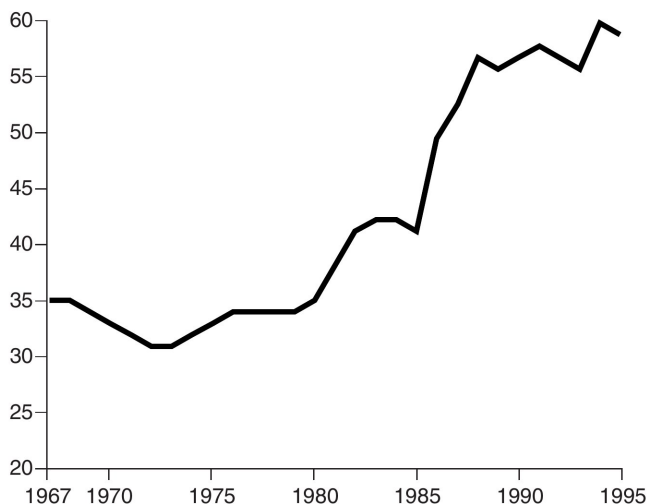
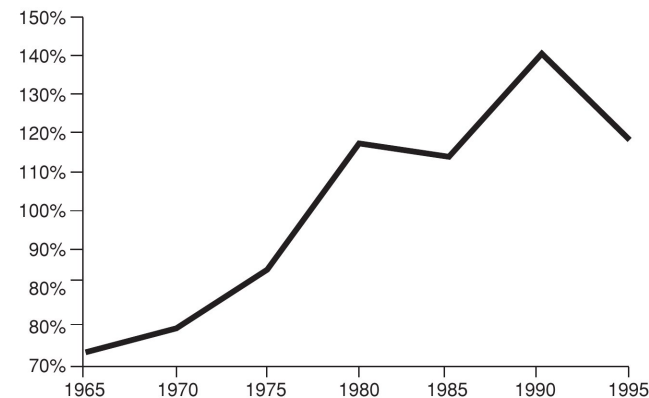


FIGURE 4
Combined Home, Car, Food, and Health Insurance Premium Payments

(Percent of Average Paycheck)



the wings have torn off, and we are going down.

Now, in the meantime, in order to pump up this financial growth, what has happened, is that we have kept pumping into the system more printed money, both Federal Reserve dollars and other kinds of monetary forms, in order to feed this leveraged growth of financial aggregates, sometimes called financial-asset values. In order to do that, we have been looting the physical economy. Look at what’s happened to power production. We no longer produce enough power to meet the same standard of production we did 35, or 30 years ago (**Figure 2**). So, we just let our plants go to hell, or shut them



“Bernhard Riemann is one of my heroes,” says LaRouche. “He was a famous student of the great Carl Gauss, probably the greatest mathematician in modern history, who made a fundamental discovery, to which I turned in the beginning of the 1950s.”

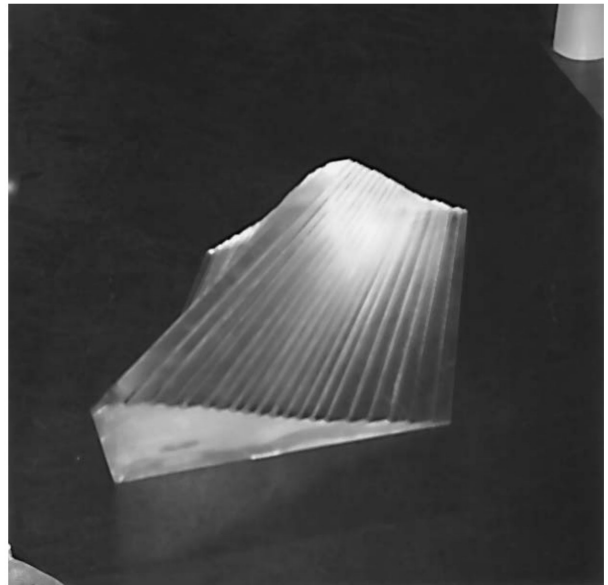
down. Our power production is down. Basic economic infrastructure is down. Through Al Gore’s reinvention of government, we now have forest fires. We might say that Al Gore has been a flaming failure as Vice-President.

So, these kinds of things—the standard of living: For example, what part of your income, of a single income of a normal head of a household—what percent of your income do you pay for rent? How many years’ salary do you have to have, from that single head-of-household income, to buy a mortgage on a house? (Figures 3-4.) Recently, what’s happened is, that you’ve seen, as a result of this financial aggregation and collapsing of real output, we’re now into—as I’ll come to later on—double-digit rates of inflation in progress. We’re now headed toward \$50-a-barrel oil, or higher. We’ve had 10-30% increases in metals prices in the past 12 months. We’ve had similar rises in the price of food. The price of rents and housing acquisition has skyrocketed, again, 30-40% in the past year, depending on what part of the country you’re living in. Our industries are collapsing, and everything.

So this process of inflation-collapse, taken together, and the number of incomes you have to have in a household in order to support the household (or not quite support it) has

FIGURE 5

A Riemannian Shock Wave Modelled



increased. That’s what this is about.

So this rate of growth, in itself, described by this curve, is hyperinflationary. But at first, the value has been expressed in terms of hyperinflation in so-called financial asset prices—that is, stock-market prices, real estate mortgage prices, share prices generally, the so-called Nasdaq index: highly speculative, highly leveraged, nominal increases in prices of assets, by people who are borrowing 20-30% more than they’re making, going more deeply into debt, at high rates of interest, in order to buy into what they hope will bail them out, in terms of share-price value appreciation. The economy is being destroyed.

A Riemannian Shock-Wave

Now, look at this picture (see portrait), a gentleman you have to be acquainted with, Mr. Bernhard Riemann. Bernhard Riemann is one of my heroes. He was a famous student of the great Carl Gauss, probably the greatest mathematician in modern history, who made a fundamental discovery, to which I turned in the beginning of the 1950s. I made a certain fundamental discovery in respect to the science of physical economy, and in order to try to put what I had discovered in mathematical form, in 1953, I turned to some of the work of Riemann, and Riemann’s work was what I have incorporated into my own discoveries ever since that time.

This is a diagram of another aspect of Riemann’s work, which I also have relied upon (Figure 5). This is called a Riemann shock-wave. This was something that was developed by Riemann in 1858, when the first discovery of transonic, supersonic, velocities—the existence of them in nature,

was proven by Riemann in a famous paper. And this particular diagram, which is cut in plastic, and was done for me some years ago, is a diagram in three dimensions, of the way in which a transsonic shock-wave is developed as a projectile is approaching the speed of sound.

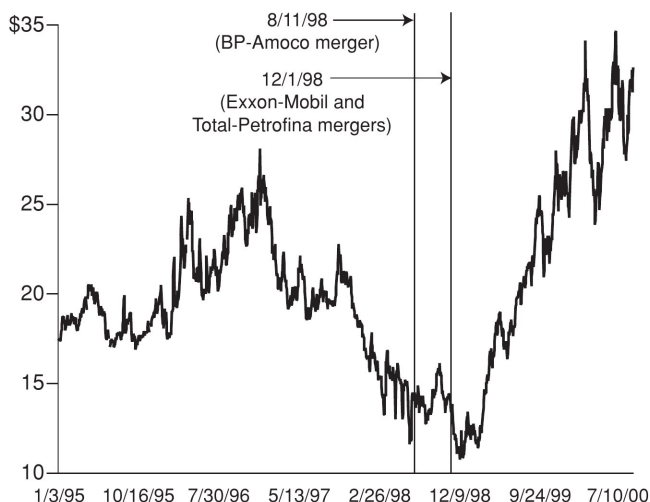
Now, this same kind of phenomenon, or a similar kind of phenomenon, comes up in economics, as you approach certain boundary conditions; and that's what we are at now. The point is that today, we are on a shock-wave front, and I would summarize this this way (I'll come back to this again): During the period between March and the present time—maybe earlier, but certainly by March—the U.S. economy, and a large part of the world economy, entered into a hyperinflationary explosion, like that which gripped Weimar Germany between March and November 1923. What you're experiencing today, in terms of the zooming of petroleum prices, of real estate prices, of prices of primary metals, things of that sort, is actually a hyperinflationary commodity-price inflation, based on the same principles which led to the disintegration of the German Reichsmark in 1923, over the period March through November. We are, approximately, somewhere in the July-August 1923 period, in terms of the present rates of commodity-price inflation worldwide, hitting the United States and elsewhere today. This phenomenon, of this hyperinflationary form, is an example of this kind of problem.

So, what we're at today, is, because of certain policies which have been adopted since 1971 by the United States government—the policies of moving away from the sovereign nation-state, into free trade, and other kinds of changes you've seen, especially since the inauguration of Jimmy Carter, in the United States—we've seen a systemic destruction of the U.S. and world economy, which accelerated greatly after 1989-1990; and this process has led to this inflationary situation. When the danger of the blowout, a deflationary blowout, of the world financial system, struck between the Summer of 1996 and the Fall of 1998; then, in October of 1998 the United States government, and others, decided to pump a wall of monetary inflation—into the present hyperinflation. Therefore, we have seen, since October 1998, an explosive, accelerating rate of increase of asset-price inflations in the share values and similar kinds of things.

As of this year, in the course of the present year, that asset-price inflation has spilled over into commodity-price hyperinflation. For example, the reason for the increase in the price of a barrel of petroleum, over the course of the Summer, is not a supply-demand phenomenon. When President Clinton says that we've got to force oil-producing and -exporting countries to produce more oil, it's a lie. The world is already glutted with petroleum, and the supply and demand for petroleum has nothing to do with the price of petroleum per barrel. The price of petroleum per barrel, the gasoline price, the heating oil price, and so forth, is entirely the result of speculation—hyperinflationary financial speculations—in mergers and acquisitions within the conduits from the oil, petroleum

FIGURE 6
Oil Price Skyrocketed in Wake of Big Mergers

Oil price, West Texas crude (\$ per Barrel)



Source: Wall Street Journal.

product, through the refineries, and through those institutions which have bought into the handling and speculation upon refined product, and downstream delivery futures out of refineries (Figure 6). The reason this has occurred, is that those who invested in mergers and acquisitions in the petroleum downstream side, spent so much in acquisitions and mergers, that to cover the cost of the acquisitions and mergers, what you are paying for is not the price of petroleum; you are paying for the price of *paying off* the speculators who bought into a large amount of debt in order to *make* the mergers and acquisitions.

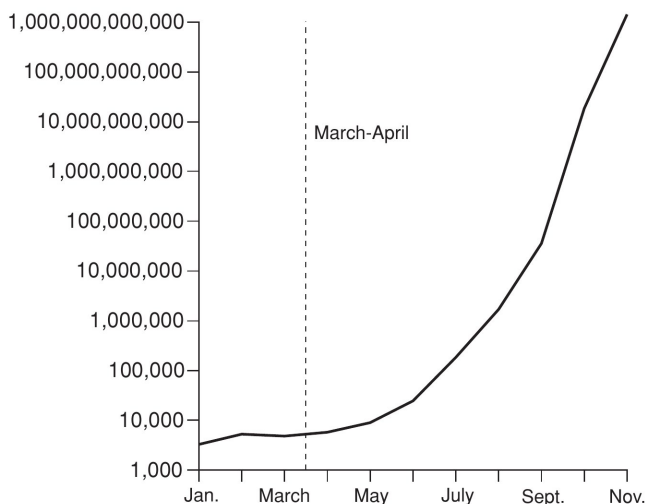
The same thing has happened in the metals field. The same thing has happened in real estate. Real estate speculation does not come from a housing shortage as such. What has happened is that the Federal Reserve system and others, who have control over the mortgage-industry business, have been floating mortgages at a great rate and at high risk, into the building of these glorified tarpaper shacks you see mushrooming here and in California. So, what they've been doing, is by control of the mortgage market, they've rigged the mortgage market with speculation, in order to do some profit-taking on the real estate side, using these cheap, glorified tarpaper shacks going for \$300,000 to \$600,000 and \$700,000 apiece. These are being merchandised on the landscape, and are not intended to survive very long, because they're all going to come down very soon, when the market blows up.

The same thing has happened with foodstuffs. You look at how much of the world's food supply has been taken over

FIGURE 7

Weimar Hyperinflation, Wholesale Price Index (1913 = 1), March-November 1923

Logarithmic scale



by speculators. Look at what's happened with the case of power, electrical power. We have a vast shortage of electrical power. But it is not the shortage of electrical power which has caused the zooming of prices for electricity in California and elsewhere. It is the fact that the people who have bought up, and bought into, things like Enron [Corp.] and these guys, have driven the market up. They've created an artificial shortage, a shrinking supply; they market this stuff at high prices on these special markets, and they've taken over the market—through deregulation.

Therefore, if you take the effect of high prices of energy, prices of food, prices of real estate, and so forth; if you take the effect of that on the whole economy, then you see how we, like Germany in 1923—Weimar Germany—are headed into the kind of hyperinflation commodity-price spiral which hit Germany with full force in October-November of 1923 (Figure 7). And we're on the way there.

So, those who tell you, "Yes, there might be a crisis, but it won't happen for a year or two"—they're lying. They're either stupid, or they're lying. When you're getting into rates of hyperinflation in asset value, and as a spillover of that, the beginning of a commodity-price inflation—I mean, those who tell you that the rate of inflation in the United States today is less than 1%, they're lying. Any government agency that tells you that, is lying. The most fairly estimated rate of inflation in the United States at this moment, is 10% per annum. And it's up to 30% or higher in categories such as real estate and other things, over the past year.

So now, we are on an escalating spiral of hyperinflation which is going to *blow this economy out*, and everything in it.

The Threat of Global Infectious Diseases

All right. So let's look at another effect of this, just to get some idea: disease (Figure 8). In 1973, I wrote a memorandum to some of my associates, on how we were doing our science work, in connection with what became, in that period, *EIR*. What I did, was to take the case of a very famous Russian scientist, Vladimir Vernadsky, who did a lot of work on what's called biogeochemistry, and related things. He was a student of Pasteur, of some significance. And I correlated the effects of the 1971 decision by Nixon which sank the Bretton Woods system; and what the effects that policy would have upon the spread of disease and other demographic effects in places such as Africa. In the following year, we produced a report on the subject of the global threat of disease, targeting, in particular, Africa as a model case. And these studies, of these spreads of disease, were a by-product of that program.

We maintained that study, of course, over the years. In the middle of the 1980s it became rather celebrated, when the question of the knowledge of HIV, or AIDS, broke out, and we did further studies showing what the impact would have to be, of the spread of the disease and co-factors and correlatives of HIV, worldwide. This study we did—if you look at the recent CIA report on the threat of AIDS, or HIV, you'll find the figures that we wrote in 1987, on what had to be done about HIV, are highly accurate; that our figures from that time are the accurate figures.

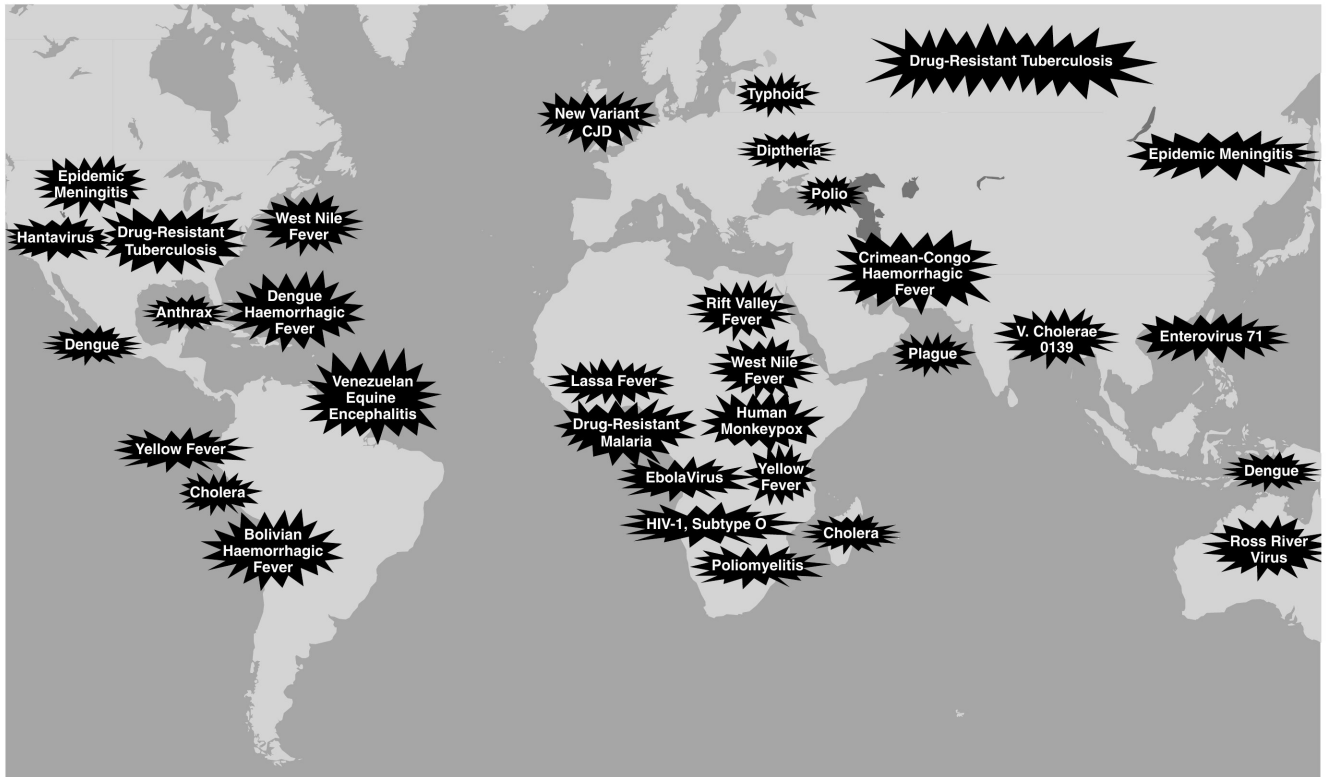
So this is part of the same process. We see now, a destruction of the economy, a monetary and financial system which is about to collapse, the fact that we are in a spiral which is leading toward a total blowout of the system, like Germany in 1923; and on top of that, under these conditions, the lawful rate of spread of disease of old and new types, and their interaction with one another, and the demographic effects, are becoming clear.

Just take the next graphic, on the question of the 1956-1975 period. All right. This is the basic pattern (Figure 9). 1977—that's the year that Carter was inaugurated as President. The top figure is the lower 80% of the labor force, family households—what percent of the total national income do they represent, in terms of family income, as against what percent of the total national income is controlled by those in the upper 20% of family income-brackets? And you see there's been a qualitative transformation in the quality of income, in the quality of employment, circumstances of family life, in the U.S. society, as a result of both the 1971 decision by Nixon, and the policies of Carter and his followers from 1977 on. And that's what we're getting today. That's where we are today, approximately—this is a more recent figure. And that's the big social crisis.

I made a number of warnings on this subject, just to indicate how we got here. One of the first—after what I warned about with Carter, what Carter's policies would lead to in 1977, and they did lead to exactly what I warned—I warned in October-November of 1979 that the Volcker measures

FIGURE 8

Examples of Emerging and Re-Emerging Diseases, 1990-2000



Sources: WHO; Centers for Disease Control and Prevention.

adopted, would sink the economy, that the United States would be driven into a recession by February of that year; that happened. That that would persist for at least two years; it happened.

Then we went on. We went on, after Volcker. Look at the prime rate, for example, of Volcker (**Figure 10**). See the period of 1980? This is what Volcker did to wreck the U.S. economy. This is what sank, among other things, the savings and loans institutions; some of you may remember them, when they once existed. They were wiped out, by this. And that's in that period. And you see what's happened since then.

Go on to the next one—the rise in debt (**Figures 11-12**). You see, again, from the 1980s, the 1990s, what has happened since the 1970s in terms of the rise in debt.

Go on to the next one. This is the forecast we made in 1980, a comparison of forecasts (**Figure 13**). The big thick red line on the lower side, is what *EIR* forecast over that period into 1982. The actual is the black line, which goes higher, and then follows down toward where we went. The others went sort of sliding up, industrial production index, and they were all wrong. So, again, over this period, the forecasts that we've made have been consistently, as this typifies, correct.

Then, in 1987, of course, in May 1987, I forecast a probable stock market collapse in October 1987, which happened on schedule, as I had forecast, which resulted in a qualitative change in the character of the U.S. financial system. That crash coincided with the shift of power, in the Federal Reserve System, from Paul Volcker, who had sunk the economy under Carter, to Alan Greenspan, who's been sinking the economy ever since that time.

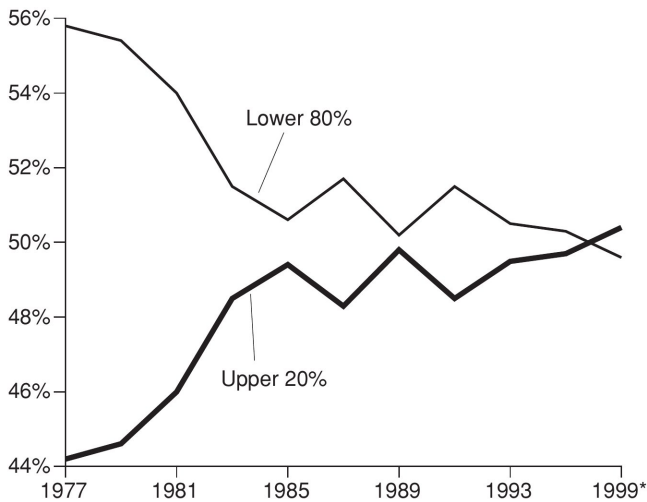
Then, this led, of course, in 1988, where, in Berlin, on Oct. 12, 1988—we're getting close to an anniversary now, a 12th anniversary—I forecast in Berlin that what I had been forecasting would happen, over previous years, that the economy of the Soviet system would begin disintegrating, and that in the following short period, following the end of 1988, we should expect a disintegration of the Soviet system, beginning in Eastern Europe, and spreading into the Soviet Union itself—which is, of course, exactly what happened. That was generally denied, but it happened.

I also set forth some policies which the United States and others should follow, to deal with that crisis, and at that point, when it actually happened, Thatcher and Bush and others took a policy *directly opposite* to what I had proposed. As a result

FIGURE 9

America's Richest 20% Now Make More than the Other 80%

(Percent)

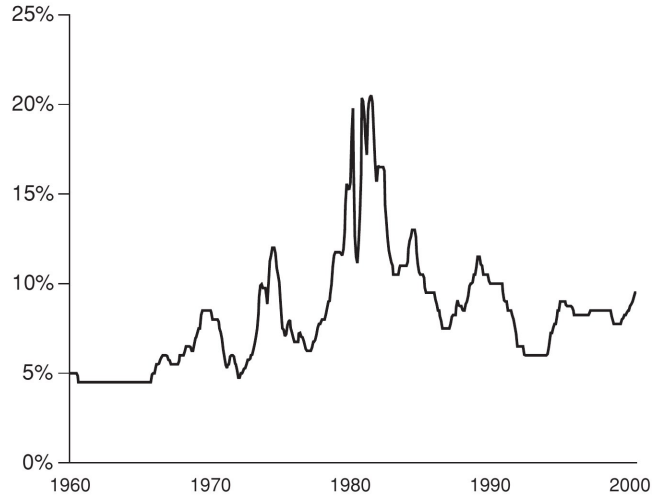


*Projected
Sources: Congressional Budget Office; EIR.

FIGURE 10

Prime Interest Rate, Monthly Averages

(Percent)

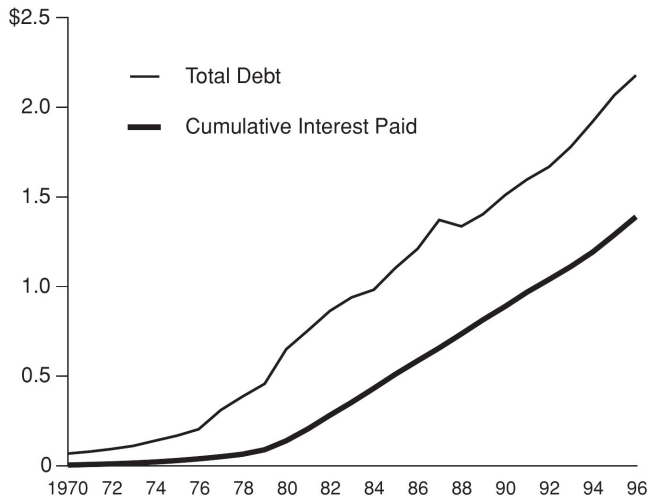


Source: Federal Reserve.

FIGURE 11

Developing Sector Debt Outstanding, and Cumulative

(Trillions \$)

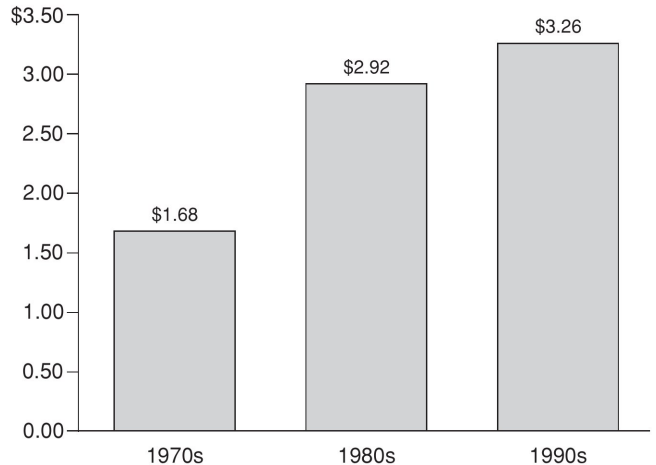


Source: World Bank.

of their policy, we have the crisis which I referred to in "Storm Over Asia," and we had such incidents coming out of that, as the crisis over the *Kursk*, this past month.

FIGURE 12

Rise in Debt for Each \$1 Growth in GDP



Sources: U.S. Federal Reserve, EIR.

Then in 1992, I again said, all right, now, we're going into a Great Mudslide, which George Bush's policies have set into place, and that's continued.

A Critical Point of Instability

Now, let's look at the second collapse function, the one with the critical point of instability (**Figure 14**).

FIGURE 13
Forecasts Made in September 1980 for 1981 and 1982

Industrial Production Index

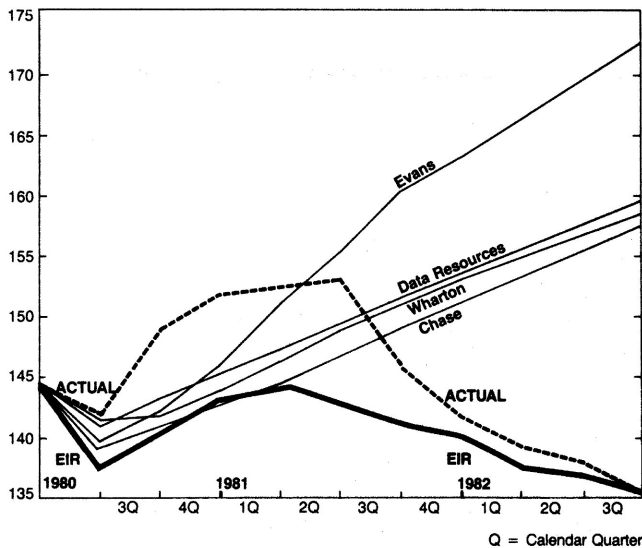


FIGURE 14
The Collapse Reaches a Critical Point of Instability

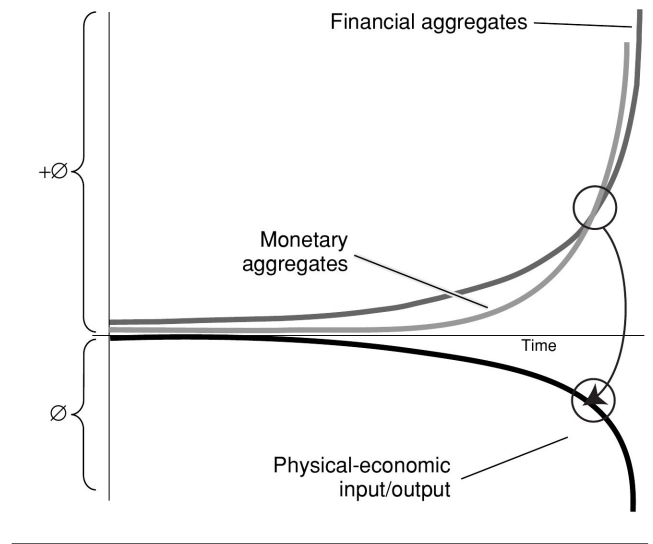


FIGURE 15
Chemicals Inflation Surges, May 1999 to May 2000

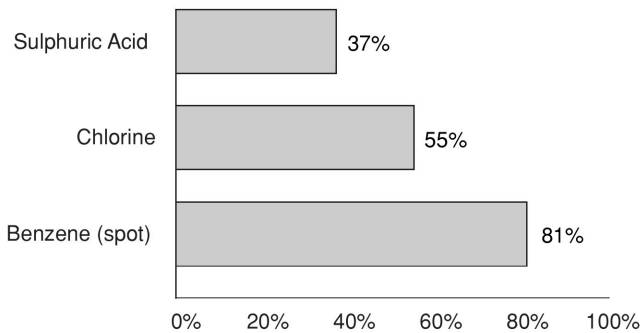
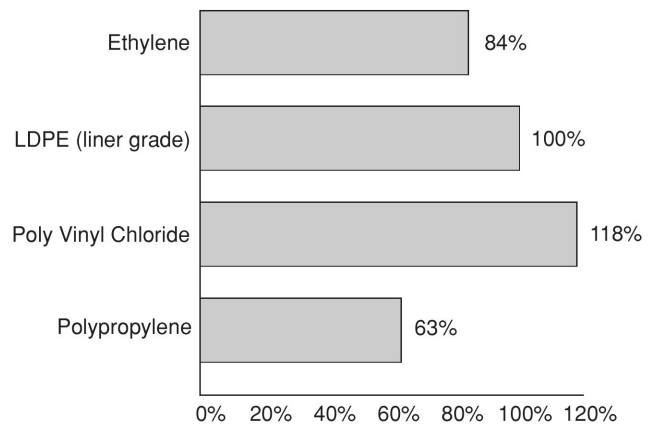


FIGURE 16
Plastics Inflation Surges, May 1999 to May 2000



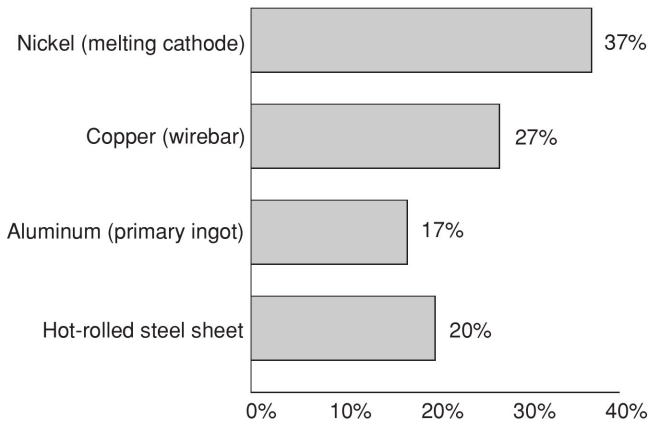
Now, you see, this is quite similar to the earlier function I showed you in connection with the Riemann explanation, similar to what I first presented in 1995. In this case, note this area here [points to circled areas]. This is the point at which the hyperinflation in commodity prices began to break into place (Figures 15-18). This is somewhere between March and July of this year, something like that; maybe slightly earlier and so forth. But at least the figures indicate it occurred about here.

What happened is, you see, in the earlier part of the process, the financial curve is growing higher than the monetary

growth: That is, the amount of money pumped into the system to sustain the financial speculation is less than the amount of financial aggregate generated. However, as occurred in the case of Germany, in the course of 1922-1923, Germany was paying for its war reparations debt on schedule. In order to pay the debt, the German government was issuing printed Reichsmarks, which were put into circulation to create a sufficient money supply for Germany to pay its debt, its war reparations debt, to France and Britain, which, in turn, were paying their war debt to the United States.

FIGURE 17

Metals Inflation Surges, May 1999 to May 2000



This is the secret of Hitler.

So, at a certain point, the amount of the monetary aggregate, which was being pumped in by the German government, in trying to chase this spiral of inflation, *exceeded* the total amount of the debt. When that occurred, the result was, a hyperinflation. First of all, in 1922, in terms of some of the background scenes. But in 1923, especially from about July on, the general hyperinflation in Weimar exploded in a commodity-price inflation. The big explosion appeared in places like foodstuffs, manufactured products, and so forth, power, and real estate. And this explosion at that point, between July and November of 1923, *sank* the German Reichsmark.

We are now in a similar situation, in which the total amount of monetary aggregate which must be poured into the United States, to bail out Wall Street, to keep it from collapsing, is of the same nature. *Thus*, any attempt to maintain the present policies of the United States, even for the next two months, the period of the election campaign, would be sufficient to destroy the U.S. economy *flat*. Not a depression. Not a deflationary collapse in the ordinary sense. Not like 1929. But a disintegration of the U.S. dollar. And we're on the edge of that right now. That's what they're playing with; that's the time bomb they're bouncing around; that's the bottle of nitroglycerine they're passing from hand to hand—hot little hand to hot little hand.

So, that's the present situation. In the meantime, the effect of this is, you have an accelerated rate of collapse of physical product, produced by the United States and by the world economy—especially in the United States. We are headed for a disaster *beyond anything seen in three centuries*. That's where we're headed right now.

Well, look at some other figures that are quite relevant here. Get to the rate of money for speculation—just to get

FIGURE 18

Pulp, Paper Inflation Surges, May 1999 to May 2000

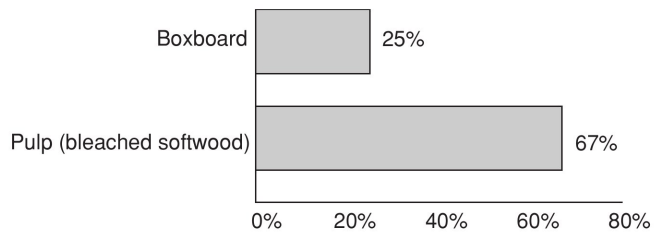
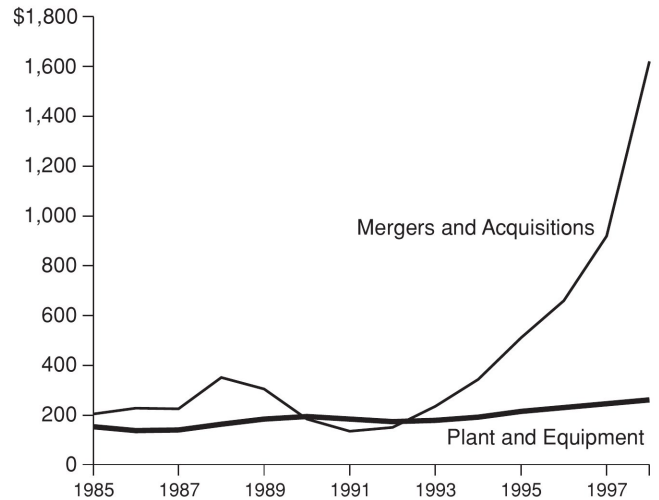


FIGURE 19

Mergers and Acquisitions vs. Manufacturing Expenditures for New Plant and Equipment

(Billions \$)



Source: Securities Data Co., Economic Report of the President, *EIR*.

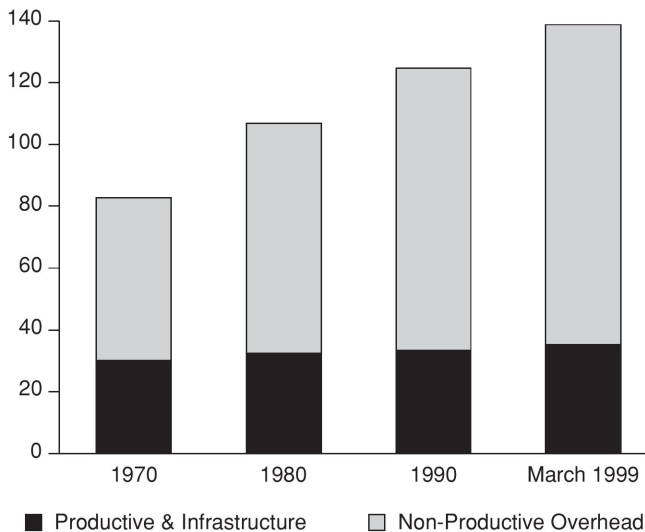
some idea of how this goes (**Figure 19**). Look at the expenditure here—look at your years first; that's your time frame. Here is your almost flat rate of expenditures of plant and equipment, and this does not fully take into account the effect of inflation. Now, what is the total amount of investment? What are they investing in? They're not investing in production. They're investing in financial instruments.

Now look at the composition of employment, from 1947 to 1999 (**Figure 20**). You see that the U.S. labor force, in terms of numbers, or percentiles, as actually here—the U.S. labor force, productive labor force, that is, farmers, factory operatives, and so forth—has remained approximately constant, while the population has been growing. But, the number of employees has been skyrocketing. Essentially, except for

FIGURE 20

U.S. Labor Force, 1970-99; Non-Productive Overhead Grows

(Millions of Workers)



Sources: Bureau of Labor Statistics, Department of Labor; U.S. Department of Education; American Medical Association.

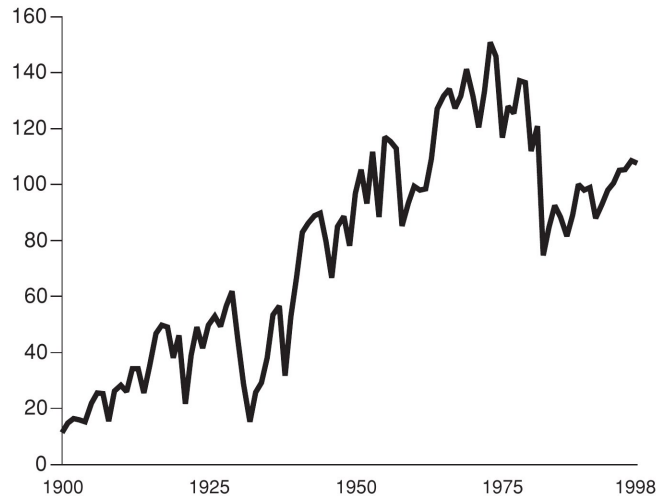
productivity, which has been collapsing—productivity growth has been collapsing since 1970—which means that the actual net physical product per capita, of the U.S. labor force, has not been increasing significantly. Watch things like the shutting down of steel plants outside of Pittsburgh. We have been *tearing down* our infrastructure, our productive potential (Figures 21-24). So, essentially there’s been stagnation in the actual amount of product produced, while the population has grown, and while the total number of employees has grown, while, actually, hidden unemployment has also been growing. So, you see, here we have another case of the change of the composition of employment, of the U.S. labor force as whole, which is a warning sign: We’re headed for disaster.

Now, look what’s happened here. This is a warning of coming bankruptcy, of general banking bankruptcy (Figure 25). What has happened in this period—this is ’87. This is the time that Greenspan made the big reorganization in the national banking system, at the time of the ’87 crisis, or that general period. Now you see what’s happening. The concentration of banks, through mergers and acquisitions and other things, has been involved with something else. Banks are no longer really banks. You have the bailout of Citibank by the Bush Administration, which was essentially bankrupt some years ago. And the U.S. government bailed it out, because it was considered “too big to fail.” So, the U.S. government bailed it out.

FIGURE 21

U.S. Steel Production

(Millions of Tons)

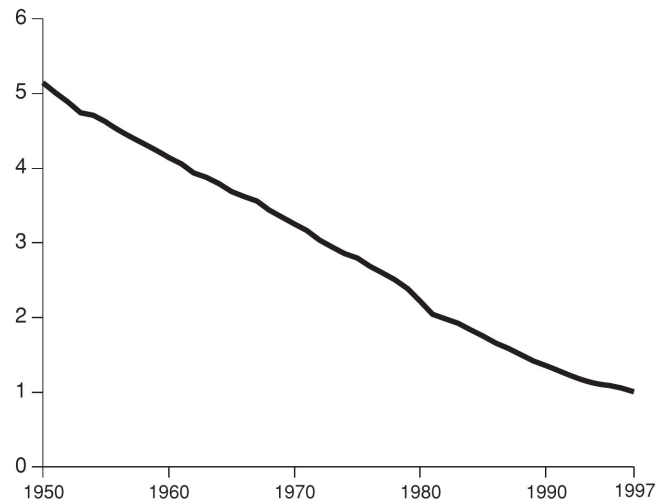


Source: American Iron and Steel Institute.

FIGURE 22

Railroad Mileage

(Miles per 1,000 Households)



Sources: Association of American Railroads; U.S. Department of Commerce, Bureau of the Census, *Population Surveys*, various years.

Globally, the banks have been used to conduct a vast swindle, of which the real estate speculation is part. What you see out there with these tarpaper shacks, or grass shacks, or whatever they’ve got out at \$400,000 and up apiece. What has happened is that Fannie Mae, Ginnie Mae, and so forth,

FIGURE 23
**Hospital Beds per 1,000 Population Overall,
 and in Community Hospitals**

(Beds per 1,000 People)

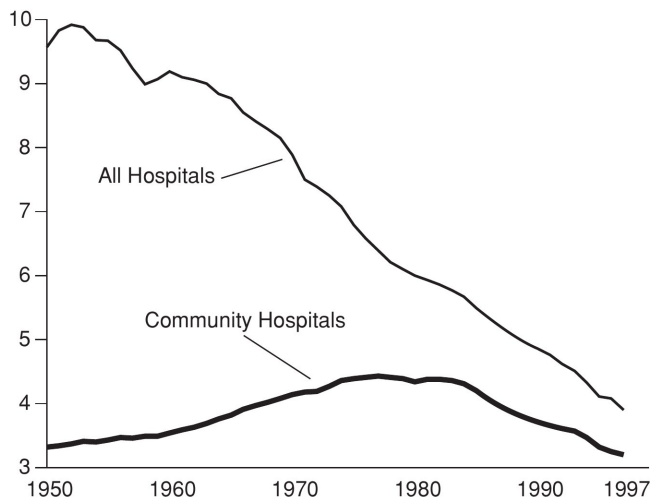
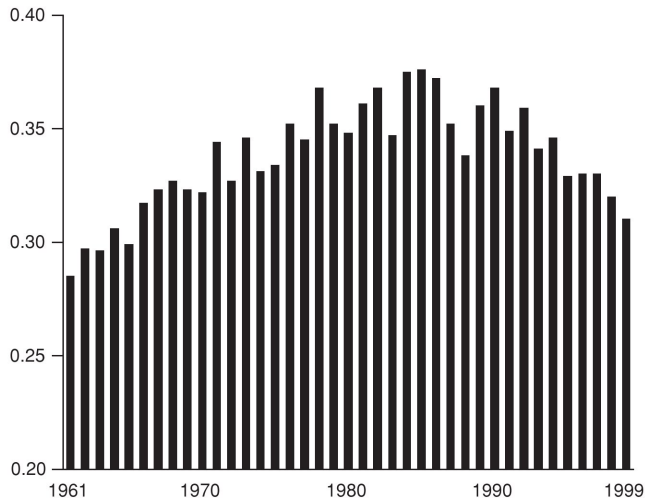


FIGURE 24
World Cereals Production

(Tons per Capita)



Sources: UN FAO, *EIR*.

these mortgage facilities, were used to pump lending power into the speculative real estate bubble, creating a liability, which is only superficially covered by the banks through which this conduiting was done.

Now, the bank would take a mortgage, and they'd spit it out into this other area of the Ginnie Mae, etc., Fannie Mae. As a result of that, we have the banks loaded with assets, which are actually not assets at all. Because the instant that this financial bubble in real estate pops, as it's getting overripe to do, then every bank, major bank, in the United States, will go technically into bankruptcy. That's part of the process.

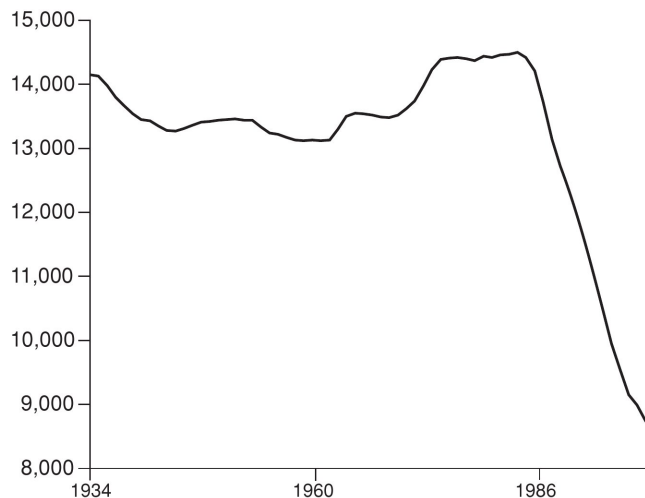
Then, you know this one (**Figures 26, 27**), don't you? You're all familiar with this one. People are living on debt. Credit card debt, residue of your mortgage balance debt, all this kind of stuff.

And the number of U.S. bankruptcies (**Figure 28**). Let's go through this fast. 1996, '98, '99—look at these.

Now, this is just straight derivatives, as reported (**Figure 29**). And this is only a small amount. The greatest amount of financial derivatives is unreported, so this is only the tip of the iceberg.

Now, the United States current account deficit is a combination of the net trade deficit, plus other deficits on financial account on trade (**Figure 30**). Given the structure of the United States today, the structure of its exports, imports, its production, this debt could never be repaid. That is, this deficit represents an accumulation of debt by the United States, to the world, which the United States has no hope of ever being able to repay. The problem with the amount—the annual rate of the current account deficit of the United States today, is

FIGURE 25
Number of U.S. Banks



Source: FDIC.

probably about one-half trillion dollars a year. And that is not the full extent of it. Because the United States, *in addition* to living on what it's taking in from other countries that it's not going to be able to repay, the United States is living on an undetermined number of trillions of dollars of financial inflows, into the New York market chiefly, and the New York market is being pumped up, aided by leverage, by that other

FIGURE 26

Household Debt per Household Soars

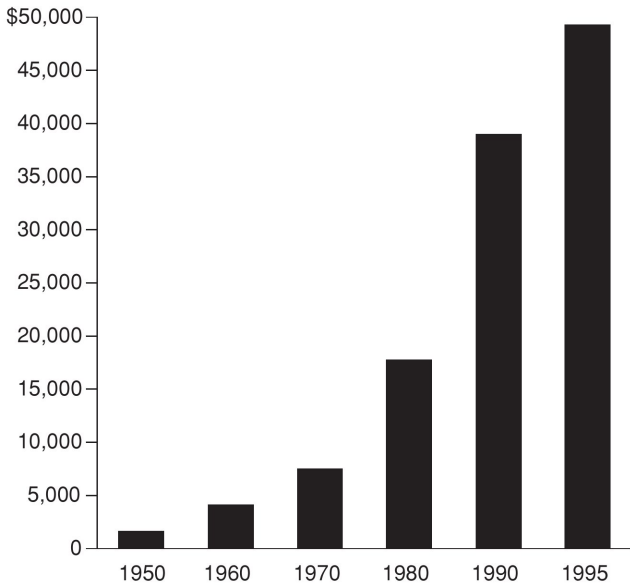
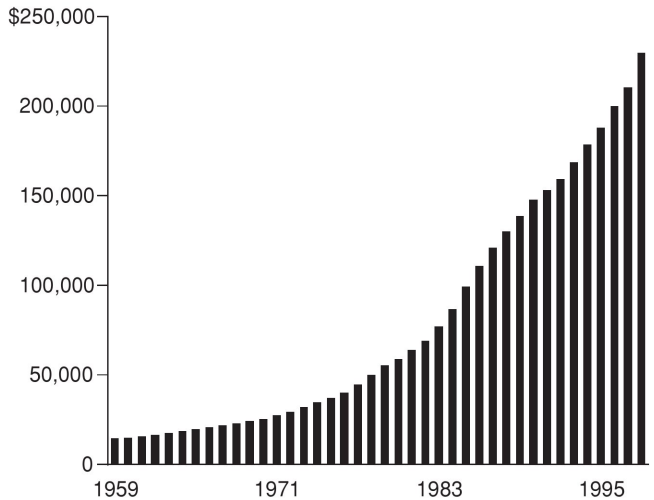


FIGURE 27

U.S. Debt per Household

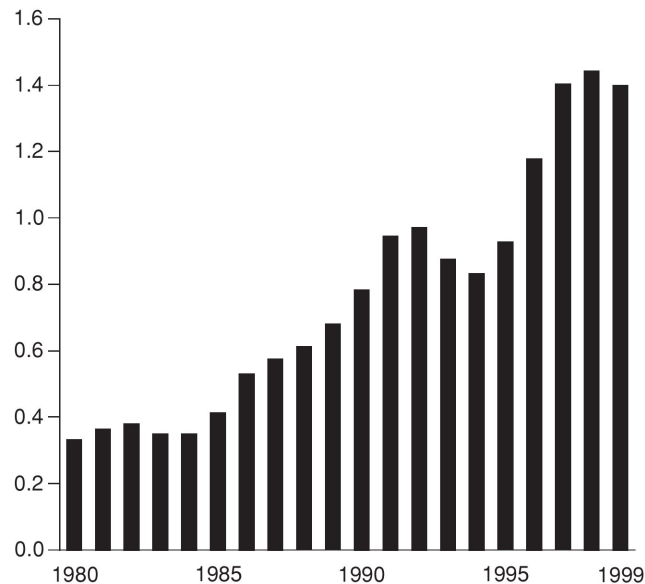


Source: Federal Reserve, *EIR*.

FIGURE 28

U.S. Bankruptcy Filings

(Millions)

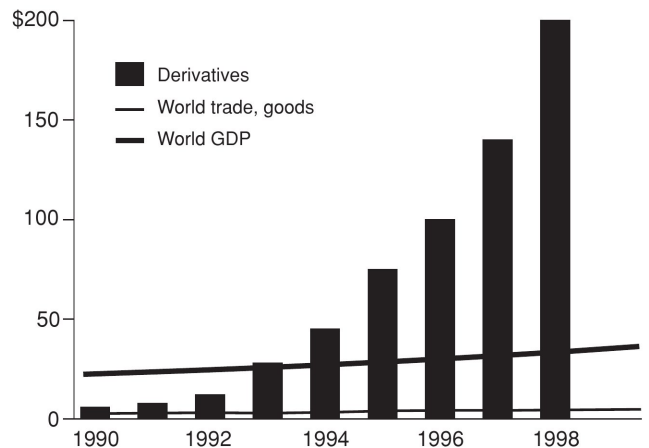


Source: Administrative Office of the U.S. Courts.

FIGURE 29

Growth of the Bubble: Derivatives Versus GDP and Trade, Worldwide

(Trillions \$)



Sources: World Bank, *EIR*.

money being milked out of the yen carry trade, and out of the euro carry trade, chiefly.

This just simply shows the other side, the deficit in goods.

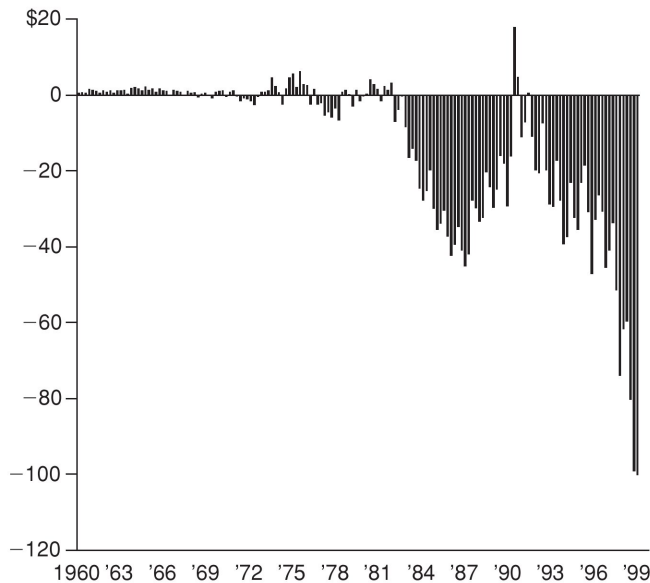
Our deficit is such that, the AFL-CIO is right, Pat Buchanan is right on this one, if wrong on some other things, but he's right on this, that we are putting ourselves into the poorhouse with free trade, and globalization, and WTO. We're not producing enough to meet our own requirements for survival.

You see what's happening (**Figure 31**). This is where the bankruptcy is occurring. This is where the financial hyperinflation is occurring, the one that's spilling over and reflected in the commodity price inflation now ongoing.

FIGURE 30

U.S. Current Account Balance, 1960-99

(Billions \$)



Source: U.S. Department of Commerce.

This is a simple relationship here. Rate of mergers, and the price of oil (Figure 6). The reason for the rise in the per-barrel price of petroleum, now soaring toward \$50 a barrel, and who knows where after *that*—which will have a maximum impact on the economy if you think about things like, what does it cost to heat your home in the year? What does it cost to transport by automobile at these kinds of price increases, and so forth? This is strictly a result of nothing as much as the financial mergers and acquisitions which are part of the whole swindle (Figure 32).

The Promise of the Strategic Defense Initiative

Next one. Now, what we've proposed—just hold this for a moment, but we'll come back to it. This is back to the principle of action.

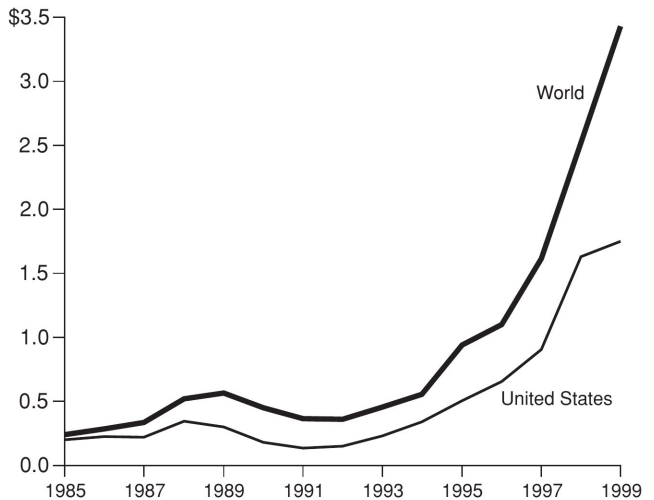
In February 1982, I held a conference, a very large, well-attended conference, in Washington, D.C. It was 4-500 celebrities of various nations, largely military and others, U.S. government, East bloc governments, European, Western European governments. And I presented at that time, what I presented as the *alternative* to Kissinger's policy. This is the policy which became known as Strategic Defense Initiative.

Now, the important thing is to understand what the original SDI was. Contrary to the idiocy which you hear in the press today about missile defense—what you hear in the press is idiocy, by people who are worse than idiots; they don't know anything about missile defense. What I proposed was not a simple missile defense system. What I proposed was a

FIGURE 31

Growth in Mergers and Acquisitions

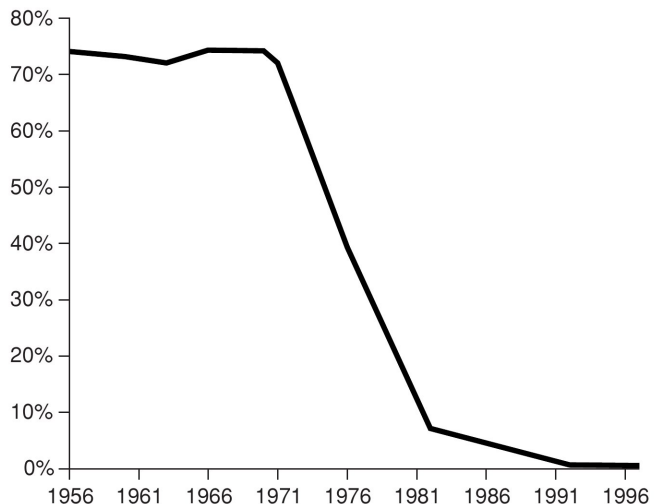
(Trillions \$)



Source: Thomson Financial Securities Data.

FIGURE 32

U.S. Import-Export Trade as Percentile of Foreign Exchange Turnover



way of destroying Kissinger's policy. And I said so at the time, in a paper that was later published, in March of that year.

The point was, I said, here we are, we're headed for a thermonuclear confrontation with the Soviet Union, which people think they've got managed. But, from a physical, technological standpoint, what they're proposing is incompetent, and therefore, where they think that Kissinger's SALT I treaty, and his ABM treaty, are a way to *stabilize* the U.S.-

Soviet conflict, they're actually ways to *destabilize* it, by the nature of the system itself.

I said, what we have to do is something completely different. We do have the ability to devise systems, new kinds of physical systems, which could deal effectively with thermonuclear missiles—that is, render them effectively, technologically obsolete, down the line. But that was not the extent of my proposal. The proposal was that, instead of having the Soviet Union and the United States engage in this crazy chicken game, called SALT I and ABM, why don't we find a way out of the conflict itself?

How? Because the Soviet economy, like the U.S. economy, is collapsing. The present policies of the U.S. economy, the present policies of the Soviet economy, ensure a *collapse* of those economies, physical collapse. So, why don't we change the policy? Why don't we go back to the space program of Kennedy, and let's do what we proved with Kennedy? Remember, according to the estimates that were made in the middle of the 1970s, the United States got more than a dime of additional GNP out of every penny the United States invested in the space program, the Kennedy space program. The point is, that since increases in productivity come directly, only, from improvements in technology derived from fundamental scientific discoveries, the higher the rate you convert fundamental physical discoveries into practice, the greater the rate of increase of productivity per capita of population, and per square kilometer of area.

The problem of both the Soviet system and our own, although in different degrees, I said at the time, was that the United States was not generating a rate of net growth in physical productivity, sufficient to maintain the economy. Therefore, we needed a program for forced draft, science-driven technological progress, with some mission, like the Moon mission, but as a byproduct of that mission, such as the Moon mission, we would generate spillovers in terms of technological progress, by such a crash, to put the United States economy back on the plus side, in terms of net growth.

The Soviet economy does not work for similar reasons, different, but similar reasons. Therefore, if the Soviet Union, with its vast military-scientific technological capability, were to put that capability, in cooperation with us, in global technological progress, and if we focussed upon developing countries—South America, Africa, Asia—to do what Roosevelt proposed be done for these countries, had he not died, then the benefit of such a program would put—two things: would put the two economies back on the plus side, together with Europe; and it would also be a way of creating a global agenda which would solve the conflict problem.

Now, that was the SDI, in original form, which was what Reagan proposed on March 23, 1983, in his television broadcast: nothing else. Later, due to the Heritage Foundation and other clowns, that definition of SDI was sabotaged, and destroyed. As a result, in the field, even though there are a few competent people rattling around in the cages there, there is

no competence in the U.S. military on this question of missile defense. It was destroyed in the Summer of 1983, through the Heritage Foundation's influence on Reagan Administration policy.

Now, I cite that now, not merely because those are typical of the measures which I have proposed—and this had tremendous support: In 1982 and '83, even in '84, I had meetings with some of the highest-level military and other authorities in Western Europe, and elsewhere, as well as in the U.S., on this question. I was an integral part of the planning, and campaign for this. I carried this message into Europe before anybody outside the National Security Council, except me, knew about it. And only a few people at the National Security Council knew about it, and some of them tried to sabotage it the minute they found out about it. But this shows there was an approach, which could have solved the problem. Andropov turned it down cold. Other people in the Soviet Union looked at it much more seriously, but Andropov—who had a commitment to something else at the time, namely, the British—turned it down flat, without discussion. And that was the way it got killed. But, nonetheless, it worked.

Let's Go To Mars!

Now, we did the same thing later, coming out of '85. We had a friend of ours, who died, Krafft Ehrlicke, who was a leading space scientist, first for Germany, then for the United States. And he had become a friend of ours. When he died of cancer, Helga, my wife, organized a conference, sponsored by others, for him. So, as part of this thing, we put our heads together: What would we do at a conference? We were getting his friends from all over the world, and so forth, and other interested people involved—we had this conference in Virginia, in Reston. What would we do?

Well, I said, let's take what he wanted to do, and go a step further. Now, Krafft Ehrlicke's favorite project was the automatic industrialization of the Moon, and he was the man who had been working on the project in the 1950s and later, for the industrial development of the Moon, with the idea that the Moon would be developed, as Krafft Ehrlicke and others had proposed also, as a *base*, an industrial base, on which we would build much of the weight of the spacecraft we'd use to explore the Solar System more extensively.

So, I said, why not go the next step? This is Krafft's project, he laid out a project that was very well defined; it's one thing to honor it. Let's do something more: Let's go to Mars! So, what I did was to take the base work that Krafft had done, and others had done, and simply took this, and said, here's the obvious. Here's why we have to go to colonize Mars—not to build housing developments on Mars, not that sort of thing, but to create a Los Alamos-type science city under the surface of Mars, which would be a base for general, beyond-Mars space exploration, into the universe generally—to get away from the Sun, because the Sun is a very noisy place, and you can't see things, and hear things clearly,

with all that noise of this big Sun rumbling around out there. So if you can get a bit further out, at a place where there's a much thinner atmosphere, you build a science-base out there, and you use that as a base from which to deploy other pieces of equipment into Mars nearby-space, then you can conduct observations of the universe, which we can't do from Earth. We can get into frequencies and so forth we otherwise can't get into.

But, I said, the reason for doing this, would be fairly estimated—it would take us 40 years to get a landing on Mars under these kinds of conditions. So, let's do it. Why? Because of the spinoff benefits of the science-driver project needed to make it in 40 years. It may take you 40 years to get to Mars, but you're going to get a lot of benefits on Earth from the technological spillover in the short run.

Typical of what we did.

The Role of the Eurasian Land-Bridge

Then, again, 1989. What I had forecast the previous year, happened. The Soviet economy disintegrated in Eastern Europe, and beyond. So, Helga and others proceeded with a program which I discussed with them, known as the European Productive Triangle. It was to do the obvious thing: You take Berlin, Vienna, and Paris, which are the traditional centers of the economy of the core of Europe—western Europe. Build a triangle of the concentration of technology, in *this* triangle. Connect this triangle, throughout Eurasia, especially the European part of Eurasia, at the time, into the Balkans, by means of technology—a technology-driver, a recovery program.

Then, in 1992-93, Helga took it further, and, with others, began contacting China, Beijing, on the question of building a Eurasian Land-Bridge (**Figure 33**). These are typical routes. These are basic routes, as laid out in charts and maps, and so forth, that we did. We have a much more extensive report. But, that's the essential thing. The idea is the same thing. But, this is even bigger. And, it's more fun, and it's more current.

One of the greatest parts of this planet, land-areas of this planet, is located in a thinly populated region, which includes western China, Siberia, Central Asia. Now, if we simply build—and we can build it in a number of ways: You've got the northern part of this system; if you go across the northern part, there's a tundra area. *If we build something like a magnetic levitation-type of rail system, which is the best for freight—not merely because of speed, but for other reasons—we can actually move freight faster and more cheaply from Europe to the Pacific than we can by ship.*

Furthermore, you have similar effects on Central Asia, an area which has great concentrations of potential water-development sources; one of the great concentrations of mineral wealth of the planet, *there*. Very thinly populated: And, because of its thin population, and so forth, it's not economically developable. Once you put a land-bridge process, say, from Rotterdam and so forth, all the way to Beijing and Tokyo, and whatnot; once you put that in—and including

Southeast Asia, including India, down into Southeast Asia—you now have a system, under which you can economically develop one of the most thinly populated regions of the planet, in an area which is adjoined to the most densely populated regions of the planet. Europe, western Europe; China, especially the seacoast area of China; Japan; Southeast Asia; and India, which have the most densely populated regions of the planet.

So, you have a vast, *underpopulated* region, with vast resources, which is undeveloped, because of a lack of just this. If you take the European Productive Triangle, as proposed earlier, connect it across Asia, including across the Arctic tundra region of Siberia and Russia, into Japan, across China; use magnetic levitation, which is better for freight, for other reasons I won't discuss now, you suddenly have created the circumstances, under which you've *changed the character of economy on a global scale, simply by this kind of construction.*

These are things we've proposed. These are things which should be done.

Now, just look, finally, at these few things, and then I'm going to go to my concluding point: You've got the derivatives growing in respect to GDP (**Figure 34**). You see, again, the ratio of derivatives, financial derivatives, to Gross National Product. Again, here's your hyperinflation expressed in this most naked and dangerous form. And, that's not an even adequate estimate of the amount of derivatives.

Now, look at that point, that I've indicated, there, in terms of this effect of the ratio of derivatives to GDP, Gross National Product or Gross Domestic Product. *That's* your critical point. That's where we're past now. That's where *we're in the "doom area."*

The Golden Renaissance Spurred Progress

This now brings us to the crucial issue of action. Look here: This is approximately, here, the year 1500 (**Figure 35**). You had a great period of development of Europe, in terms of gross population, in terms of population-densities (about the same correlative), and life-expectancy. This occurred over the period, from the aftermath of the reign of Charlemagne, with some ups and downs, and then, in the great period corresponding to the cathedral-building, as in the case exemplified by Chartres, in France, in that period.

This led, then, to a period of decline, in 100 years, from about 1240-1340: wars, and so forth, to attempt to extinguish the possibility of the nation-state. You had a great collapse of European civilization here: This is called the New Dark Age, in which the population of Europe as a whole, collapsed by *one-half*. This is the period, also, of the Black Death. Half the parishes, the towns of Europe, *vanished* in this period: We're now approaching a similar period, globally, right now.

But, from that point on, from the beginning of the 15th Century, there was a Renaissance, which led to the rise of the nation-state. And, then, from about here, about the latter part—after the Thirty Years War, there has been a continuous

FIGURE 33

Eurasia: Main Routes and Selected Secondary Routes of the Eurasian Land-Bridge



trend of growth of population, of population-density, and of life-expectancy, in European civilization. Up until about 30 years ago. Now, we're in the decline phase.

What caused this? What caused this, was progress. The idea of progress, as I described it you, became policy, leading policy, in Europe, in the course of the Golden Renaissance of the 15th Century. Two writings, by Cardinal Nicholas of Cusa, were typical. One was his *Concordantia Catholica*, which was the design for the principle of the modern nation-state. The second one, was his writing on science, which founded modern, experimental physical science: *De Docta Ignorantia*.

The influence of Cusa and his friends, resulted in an explosion in development, in scientific development. It was Cusa's circles, directly, for example, who *organized* the discovery of America. Columbus, in 1480, had a correspondence with a friend of Cusa's, who had constructed the map of the world, based on ancient sources, and based on astrophysics. This map was then used, by Columbus, to discover the Americas. And, he knew where he was going; he didn't know what the territory was named, but he knew where he was going; about how far it was, and how to get there. And he got there, at about the time he expected.

This discovery of America was not an accident: It was an intent, to establish *global progress*, to colonize, to create colonies, to contact other peoples, develop new nations. And, to ally with those new nations, to create an alliance, which could bring order to the planet as a whole, as well as security to Europe. The same policy was carried out by others. It was carried out by the English, the friends of Shakespeare, for example. When England became impossible, for a while, under the influence of Paolo Sarpi, you had a group in England, around Winthrop—and later the Winthrops and Mathers—who developed the Massachusetts Bay Colony, which is the *root* from which the United States later emerged, and the policies of that period of the 17th Century.

But, then you had more wars—attempts to destroy the nation-state. The situation became almost impossible, with the rise of the British monarchy.

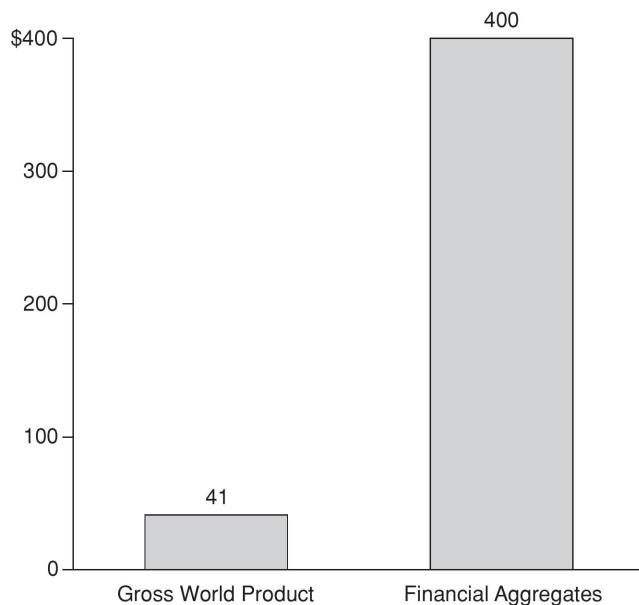
Then all hope was hinged on the United States, on the emergence of a new nation in North America, to become a model republic, to inspire the spread of the republican principle of progress throughout Europe as a whole.

And, for a while, that succeeded, until the French Revolution demoralized Europe. Until Napoleon demoralized Europe.

FIGURE 34

Financial Aggregates Are Ten Times the Gross World Product

(Trillions \$)



Source: EIR Estimates.

And then, the success of Lincoln, in leading a war against the British puppets, called the Confederacy, again put America, the American model, this struggle for progress, in the foreground. A struggle, which was *crushed*, by the events following the assassination of McKinley. A process which was revived by Roosevelt. A process which was crushed by the assassination of Kennedy and the ousting of Johnson, to the present time.

This is the issue.

What's happened? We have gone into, since 1971—in particular, '66-71, since the rise of Kissinger—we've gone into a period of a great, global decline, especially in European civilization. If you look at the charts of Europe, European civilization, in western Europe. Look at the United States, since 1966. Look at what's happened in Russia, especially since 1990-1992. Look at what's happened to the Balkans. Look at what's happened in eastern Europe. The conditions in eastern Europe today, are worse than they were under the Soviet Warsaw Pact, by far. The conditions in eastern Germany, today, the economic conditions, are worse than they were under the D.D.R., under the Soviet regime there. The situation in Indonesia: unspeakable.

Africa has been a victim of genocide, ever since the middle of the 1960s, especially Sub-Saharan Africa, and the genocide is willfully spreading. Since 1966, it's been the policy of the United States *to promote genocide*—the policy of the

State Department, the official policy; the U.S. lending policy. U.S. foreign policy in general, especially since Kissinger, *has been to regulate the foreign policy of the United States, to ensure the reduction of population in Africa.*

And, in South America: to conserve the natural resources of these regions, for the future use of Europeans, *at the expense of the present inhabitants.* To make sure that Africans and the people in South America—Mexico, and so forth—*don't use up the natural resources, which Kissinger's sponsors covet, for the latter part of this century.*

It's been the policy.

We have entered a period, a Dark Age, like the period from the launching of the Guelph League wars, about 1240 A.D., into the New Dark Age of the middle of the 14th Century: a period of moral, economic decline, and cultural decline, which the very existence of civilized life on this planet, while maybe not threatened with extinction, is threatened with near-obliteration, for periods as long as several generations.

That's where we stand. And that's what the *issue* is: *That's the strategic issue.*

How Can We Save the Nation-State?

Now, the question, today, is, how can we save the nation-state? Because, the idea of the nation-state, as the Declaration of Independence and the Preamble of the Constitution in particular, define it, is the *only* thing that can save this planet from a Dark Age. The U.S. public, today, is fairly described as a Ship of Fools. Most people in the United States are a bunch of fools; they're a pack of fools. Their opinions are the opinions of fools. It's not really, entirely, their fault; they should know better. But that's the condition they've found themselves in. It was a condition, which the Baby Boomers enjoy, as a result of most of my generation's corruption. But, the Baby Boomers studied well, and became more corrupt than my generation succeeded in becoming. They became very influential, and, quite naturally, produced a generation, which is more corrupt than they were. We, now, have produced the younger generation of Pokémon addicts, who are prepared to kill their grandparents, and eliminate any record of the cycle.

The issue, here, is, how to revive this nation.

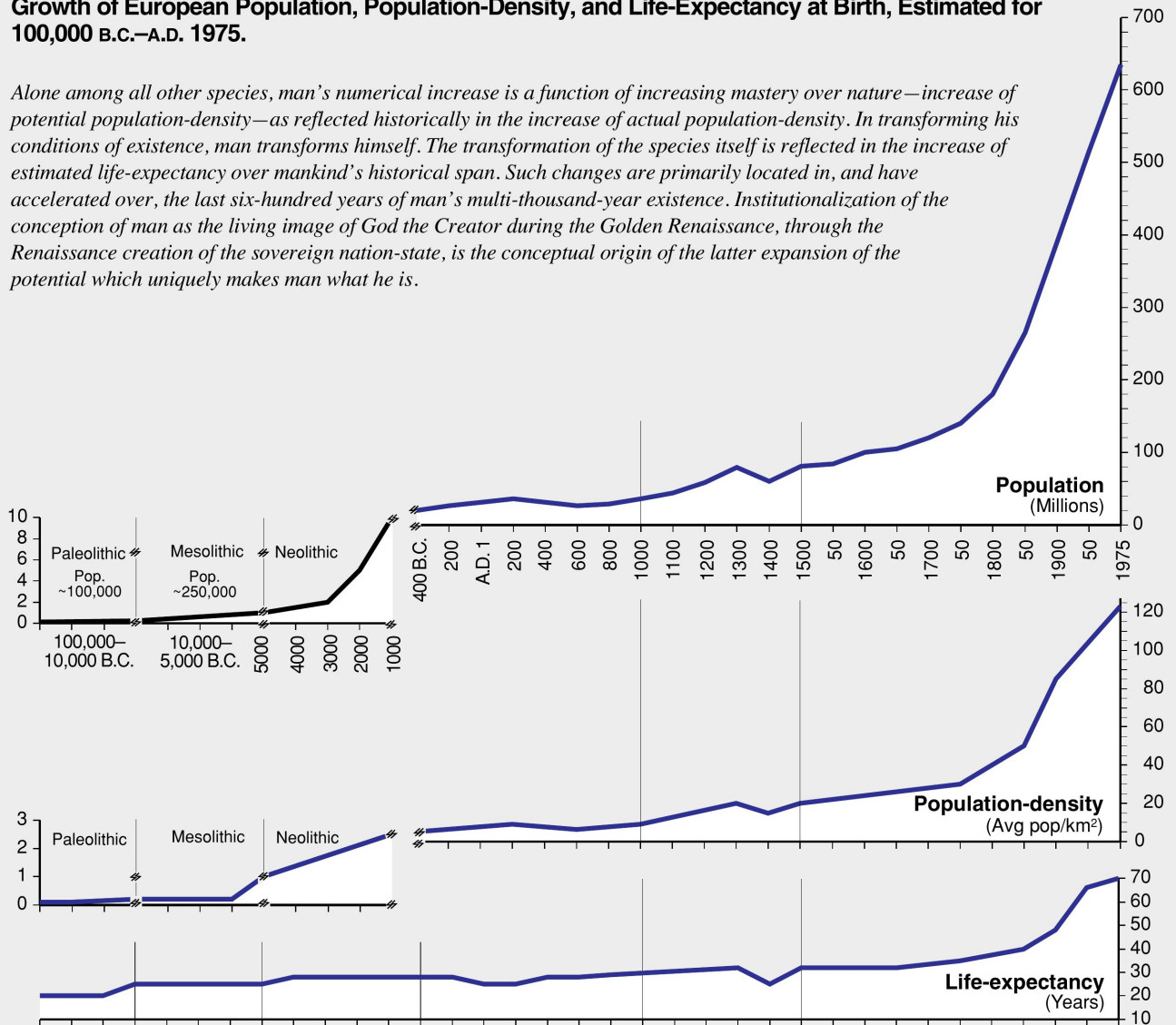
The theme, which I chose for this event, today, was chosen because of the implication of the way in which Russian President Putin, and others, reacted to the sinking of the *Kursk*. Obviously, from what I've said, and if you look at what I wrote and spoke in October of 1999, in "Storm Over Asia," nothing that happened surprises me. I didn't predict the sinking of the *Kursk* in particular. But, I forecast exactly that kind of development, and that kind of confrontation, is coming to a head. It's *come* to a head.

But, the important thing about this development, was the fact that Putin reacted, in a sense, somewhat the way Franklin Roosevelt reacted to the bombing of Pearl Harbor. The Rus-

FIGURE 35

Growth of European Population, Population-Density, and Life-Expectancy at Birth, Estimated for 100,000 B.C.—A.D. 1975.

Alone among all other species, man's numerical increase is a function of increasing mastery over nature—increase of potential population-density—as reflected historically in the increase of actual population-density. In transforming his conditions of existence, man transforms himself. The transformation of the species itself is reflected in the increase of estimated life-expectancy over mankind's historical span. Such changes are primarily located in, and have accelerated over, the last six-hundred years of man's multi-thousand-year existence. Institutionalization of the conception of man as the living image of God the Creator during the Golden Renaissance, through the Renaissance creation of the sovereign nation-state, is the conceptual origin of the latter expansion of the potential which uniquely makes man what he is.



All charts are based on standard estimates compiled by existing schools of demography. None claim any more precision than the indicative; however, the scaling flattens out what might otherwise be locally, or even temporally, significant variation, reducing all thereby to the set of changes which is significant, independent of the quality of estimates and scaling of the graphs. Sources: For population and population-density, Colin McEvedy and Richard Jones, *Atlas of World Population History*; for life-expectancy, various studies in historical demography.

Note breaks and changes in scales.

sian people had put up with a process of degradation and corruption, which had almost destroyed Russia as a nation, and its people as a population. Over the period, particularly, 1992 to the present, with a big help in that direction earlier, from what was called *glasnost*, by Gorbachov. Which was actually invented by Andropov.

So, finally, a Russian President has acted in a way, which portends a possible turning of the corner in Russia. That is a mixed blessing, because, actually, the nuclear threat contin-

ues. And, as long as idiots, like Brzezinski, are running loose, and threatening to make war on Russia, and other places, the possibility of a nuclear reaction against Brzezinski, and Gore, and George W. Bush, is there.

So, it's a very mixed blessing.

But, Russia has shown, in its present leadership, a determination to survive and recover. The possibilities for that recovery are significant. In this circumstance, the present circumstance, now that Japan, and China, and Southeast Asia,

and others, are moving toward breaking from the United States and Britain, on the question of global policy, Russia can play a very significant role. Not as a world power trying to get an empire, but as a nation-state, with a very significant position, geographical, and economic, and otherwise, as sitting on part of the greatest single concentration of undeveloped natural resources, in that thinly populated part of the world, in Central and Northern Asia. This includes Western China: That, in order to develop this part of the world, to meet the problems which China faces, and other nations—and Europe as well: Europe requires large-scale markets for the revival of western Europe's high-tech machine-tool export capability. Without Germany's exporting of 40% of its product, in machine-tool-grade export, the German economy can not live. It'll die. Without the revival of the German economy, the economies of all western Europe, will collapse and disintegrate.

Therefore Germany—and all Europe together, continental Europe, in particular—looks for markets to the East. The vehicle for those markets, is via Russia, into this development in Central Asia, in cooperation with Japan, and so forth.

The importance of Russia in this, is the importance of establishing, to have a viable recovery, what is called a “full-set economy.” By full-set economy, what is generally meant, is an economy which has enough of all of the requisite elements of technological skill needed to maintain a modern economy. Without a revival of the economy of Russia, its participation with western Europe, in conjunction with Japan, Korea, China, India, Southeast Asia, Iran, and so forth, in joint development, it is not possible to reverse, in time, the great danger to civilization, which is the fruit of the last 30 to 35 years of decadence of our civilization.

And thus, the fact that Russia is pulling its act together, is, admittedly, a mixed bag. It may be the harbinger of an actual thermonuclear war, if idiots in the United States and Britain continue to push for that. But, on the other hand, if we are able to get the United States to take a proper role, to recognize its own legacy, and to play a *partnership* role, with Europe, with Russia, with India, with countries in South and Central America, with Africa, in bringing this planet back into shape, the development of Russia, its recovery, can be a great blessing for us all.

Now, as in the case when I proposed the SDI, back in 1982-1983, again, on the table, is an option, a strategic option, which can get us out—at least our posterity—out of the mess bequeathed to us by the follies of the last 30 to 35 years.

The question is: Will what I propose be accepted?

If not, the penalty is beyond the comprehension of virtually anybody in this room. It must be done.

Therefore, what counts? What action is important? What act can you take that *means anything*? If you ignore this issue, and the issues related to it, then what do you get? All your dreams, and all your labors, and all your aspirations, and your progeny go into the sewer, for your negligence. If you can

concentrate, as in a flanking operation, on *this option, this alternative to chaos, then everything else good you might do, will work*. If you do not, they won't.

An example: I was referring earlier, again, to the same thing. One of the great events in all history, was the destruction of the Persian Empire by Alexander the Great, under the counsel of Plato's successors, in the leadership of the Academy of Athens. In the final analysis, Alexander went onto the Plains of Gargamela, with a couple hundred thousand forces—Macedonians and Greeks, chiefly—against a vast horde of the Persian Empire. And, on that day, on that field of battle, the Persian Empire and its host, were destroyed. And, the Persian Empire *obliterated* for all millennia to come.

Again, later, that was imitated, in a certain way, by Hannibal at Cannae, where a superior Roman host, to its own folly, was defeated by an inferior host with a superior brain. And that has been repeated in military history a number of times: That, in such situations, it is not the simple-minded action, by simple-minded people, even well-armed and powerful, which determines the outcome of battle. In a true strategic flanking operation, it is the superior mind, which finds and selects the action, which brings victory.

The question is: Do we have the ability to focus upon preference and priority, for the single kind of flanking action, upon which, alone, victory depends?

Thank you.

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